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BRIEFS

'BLACK,' 'RED' TERRORIST TIES--Five persons were seized by DIGOS agents at Rome's main railway station the other afternoon, four arrested and one detained. Those arrested are Enzo Graziani, Maria Sciarra, Cesare Arbore, and Laura Pacini. Paolo Quinti was detained. According to available information, the five were captured as a result of an enquiry into fascist terrorism initiated early in May by assistant attorney generals Macchia, Guardata, Giordano, D'Ambrosio, and Capaldo. In the course of the probe, the investigators discovered a hideout stocked with arms in Prenestino. Egidio Giuliani, owner of the premises, was arrested together with several neofascists, among them Armando Colontono, Paola Conti, Bruno Hassener, Marco Guerra, and Silvia Palermo. Although the investigation is being held in secrecy, word has leaked out that some of those arrested allegedly told of exchanges of arms and identity documents with red terrorist members of minor organizations, such as the "Communist Revolutionary Movement" and the "United Communist Combatants." These findings on the [neofascist] links with the reds were transmitted to the investigating magistrate Rosario Priore, who has thus far issued some 40 arrest warrants. Included among the numerous arrests are Giancarlo Diavoli, Marcello Squattrani, and Claudio Martelli. Among those being searched for are Fabrizio Panzieri, at large after being sentenced to 16 years of imprisonment for the murder of the anticommunist Greek student Mikis Mantakas, and Luigi Rosati, director of the Rome communist committees, arrested in 1978 and condemned to 4 years in jail for subversive activities, but released when the terms of his conviction expired. [Text] [Rome IL TEMPO in Italian 14 Jun 81 p 6] 9653

CSO: 3104/307

TERRORISM

TURKEY

KURDISH GROUPS GO ON TRIAL

Istanbul CUMHURIYET in Turkish 7 Jun 81 pp 1,7

[Text] Diyarbakir (TMA)--The military prosecutor has initiated a civil suit against 162 suspects from the Rizgari and Ala Rizgari organizations on charges of taking part in activities for the purpose of establishing an independent socialist Kurdistan republic based on Marxist-Leninist theory in the eastern and southeastern region of Anatolia. Among those accused are attorneys Serafettin Kaya, Mumtaz Kotan, and Rusen Aslan.

Those charged are being tried for 15 separate crimes including "striving, using distinctive means, to remove a portion of the land in the domain of the state from state rule; taking part in premeditated murder and armed uprisings; embezzling; using falsified identity cards; planting explosives; and firing arms." It is asserted that two persons were killed during actions of the Rizgari and Ala Rizgari organizations, and the death penalty is being sought for 13 suspects.

In a 132-page brief prepared by the military prosecutor in regard to the organizations, which include 3 attorneys, 1 engineer, 22 teachers, 3 civil servants, and 57 students, it is reported that the TIP [Turkish Labor Party], which was formed by using the freedoms ensured by the 1961 Constitution, performed the function of mothering the Kurdish left just as it did with the Turkish left. It explained that the group charged in the DEKO [Revolutionary Eastern Cultural Hearths] case during the period of the 1971 martial law administration established the Rizgari organization. Later, this split apart, and those that left formed Ala Rizgari. The case will begin soon in the martial law court.

11673
CSO: 4654/9

KURDISH PRESS SCORES TRIAL OF TOB-DER TEACHERS

Spanga ARMANC in Turkish May-Jun 81 p 2

[Text] TOB-DER [Turkish Teachers Unity and Solidarity Association] is one of the democratic mass organizations in Turkey most feared by the colonialist-monopolist bourgeoisie.

As is known, TOB-DER was the largest teachers' organization in the Middle East. Its membership numbered 200,000. It was predicated on the principles of democratic centralism that gathered into its structure all those employed in education from school principals to university professors. TOB-DER, an organization of academicians, readily enveloped Turkey like a web. TOB-DER had branches in every village, district and city. It was asserting itself conscientiously. It recognized the economic, democratic, educational and political rights of its members. TOB-DER teachers were aware that their own problems were no different from those of the people.

TOB-DER was predicated upon the revolutionary principles of TOS [Turkish Teachers' Union]. The first thing the 12 March 1971 fascist interim regime did was to shut down TOS. They hauled its leaders off to prison. Later public employees were enjoined from forming unions under changes in the 1961 Constitution. The bourgeoisie thought that this halted and dispersed progressive teachers' movements. The bourgeoisie was wrong again. A 100,000-member TOB-DER predicated upon TOS revolutionary principles was established--as an association--in 1974 to replace the 30,000-member TOS. Revolutionary, progressive teachers established a stronger, more experienced, and more conscientious organization in TOB-DER.

TOB-DER has an important place in the struggle for democracy in Turkey. The rallies, marches, meetings and educational seminars sponsored by TOB-DER greatly frightened Turkey's monopolist bourgeoisie. They were distraught. The activities TOB-DER conducted in recent years in conjunction with labor unions further boosted the organization's influence and respectability among the masses. The working class and academicians poured onto the battlefield together, shoulder to shoulder, against exploitation and coercion. Class pressure and class conscience, of necessity, united them. TOB-DER teachers were cognizant of the fact that their organization was in harmony only with the working class. What's more, TOB-DER's joining FISE [expansion unknown] demonstrated its respectability in the international teachers' movement.

The resolutions adopted by TOB-DER at its 1978 Democratic Education Congress were important turning points in the Turkish teachers' movement as well as progressive and positive leaps forward. One of the most important resolutions adopted at the Congress was "the right of peoples living in Turkey to an education in their native tongue." The upshot of this resolution is that the 10 million Kurds living in Turkish Kurdistan would be educated in Kurdish, their native tongue. It was after this event that the colonialist-monopolist Turkish bourgeoisie intensified its hired-press attacks against TOB-DER along two lines: separatism and communism. With the declaration of martial law in 1978, TOB-DER was shut down and its leaders taken into custody. They were prosecuted on the grounds of having disseminated separatist and communist propaganda.

When the fascist military junta seized power on 12 September 1980, TOB-DER again topped the list of targeted mass democratic organizations. Mass trials were initiated against the association's general, administrative, and executive councils, its regional representatives, branch chairmen and active members. Arrests were made throughout Turkey. The dismissals, purges and exiles seen previously reached major proportions. The fascist junta has asked teachers whom it could not catch and who were able to flee the country, to return to Turkey. It has ordered that they report to the junta and surrender. Otherwise, the junta has warned that they will be denaturalized and have all their property confiscated. The fascist junta has carried out its initial decision by de-naturalizing TOB-DER General Chairman Gultekin Gazioglu.

Recently, TOB-DER mass trials have begun in junta courts. The junta's fascist prosecutors want TOB-DER punished under Article 141/1 of the Turkish Penal Code, which was adopted from the fascist Mussolini's Italy.

The conscientious and brave leaders and members of TOB-DER have unflaggingly and fearlessly explained their organization's aims and views in the fascist courts. TOB-DER Central Executive Council member Suleyman Yasar spoke in defense of all his associates:

"The thesis that our country is capitalist rings true to us. To say that our country is engaged in capitalist production or, more specifically, to say that the economic system of our country is capitalism is to do nothing more than describe our country's structure in economic terms....

"It is no crime to say that our country is a semi-colony of imperialism. The semi-colony concept maintains that a state is socially independent but economically dependent on world imperialist metropolitan countries."

Suleyman Yasar continued his defense on behalf of TOB-DER against the lie and slander-filled indictment the military court prepared on TOB-DER:

"All this is nothing more than a shackled dependency upon an imperialism that holds our country in pincers. Should we keep silent about this? Or are we to voice our views on these matters that are being discussed and debated everywhere?"

The class-conscious, brave TOB-DER teachers, who are devoted to democratic struggle, again have demonstrated they are not afraid of the junta's fascist laws and procedures, or of torture and death. By shouting out at a fascist judge and fascist prosecutors, TOB-DER teachers have demonstrated that they are going to battle fascism more conscientiously and with greater resolve alongside all antifascist forces. If the fascist junta imagines that it will permanently shut down TOB-DER, a 200,000-member organization of academicians, and disperse its members, it is mistaken. The bourgeoisie on 12 March 1971 barked on the same type of reckoning. It was mistaken then. A stronger, more massive, conscientious organization in TOB-DER was established to replace the defunct TOS. There is no force that can shut down TOB-DER. Because it knows this, the junta is also afraid. But "fear is of no use when you are about to die."

CSO: 4654/82

DANISH INDUSTRY COUNTING ON HUGE NORTH SEA INVESTMENT

Copenhagen BERLINGSKE TIDENDE in Danish 23 Jun 81 p 1

[Article by Lars Dyrskjot]

[Text] The Danish Offshore Club is expecting yearly investments in oil and gas of 2 to 3 billion kroner.

Danish business is counting on yearly investments during the next 10 years in the oil and gas fields of the North Sea of 2 to 3 billion kroner. Effective the middle part of the eighties yearly maintenance work at the Danish fields amounting to 2 to 3 billion kroner can also be added. And finally, there is a chance of exporting Danish offshore services to the other North Sea countries.

"In one year, the Danish offshore club has gotten 164 members who all have the one thing in common, namely, that they have a Danish product or service to offer to the offshore industry," says Chief engineer Svend Elitgaards, Aalborg Shipyard, who was re-elected chairman yesterday at the club's general meeting. "Among the members, there is generally great satisfaction with the orders which the increased North Sea activities have brought along."

Ten New Fields

"But the possibilities are far from exhausted. Our gas project is not finished. I am convinced that the agreement the government and DUC (Danish Underground Consortium) have entered into will further increase the North Sea activities. We know that there are almost ten fields in the Danish part of the North Sea which are worth operating, and which DUC must put into production during the next 5 to 10 years," Svend Kitgaard says.

Jens Simonsgaard, the Industry Council, together with the Offshore Club's vice-chairman estimates that the Danish yearly investments in the North Sea during this decade will be between 2 and 3 billion kroner.

"Norway's experience also tells us that with a 3 to 4 year delay, yearly maintenance work of the fields costing 3 to 4 billion kroner will have to be done," the club's chairman explains. "The Norwegian experience tells us that the maintenance expenses per year correspond to the investments per year. As a rule of the thumb we can further, with our present knowledge, assume that the Danish investments in the North Sea will be one-fourth to one-fifth of the Norwegian investments. When they invest 10 to 12 billion kroner yearly, the Danes will invest 2 to 3 billion kroner yearly."

More Have Started

"As more licensees are starting in the North Sea, Danish industry is of course also hoping for new prospects," chief engineer Svend Klitgaard says.

"The North Sea activities will of course vary from year to year, and therefore, the club's members also want to develop a supplementary market in Norway and England," Jørgen Simonsgaard advises. Thus the Danish export bureaus in Stavanger and Aberdeen have met with the club's members.

Technology

"Denmark also has great knowledge in the field of technology. Our ATV-institutes are much respected abroad. This is true for the Welding exchange, Skibsteknisk Laboratorium and Hydraulik Institut. On the other hand, much too few people specialized in oil and gas are educated at our higher educational institutes," the offshore club's chairman says.

9667

CSD: 3106/136

OIL FIRMS DENY INTEREST IN PURCHASING OIL FROM MEXICO

Copenhagen BERLINGSKE TIDENDE in Danish 24 Jun 81 p 9

[Article by Jens Thomsen]

[Text] None of the three Danish oil refineries, Gulf, Esso, and Shell are interested in the crude oil which the Minister of Energy, Paul Nielson, recently negotiated to buy from Mexico. The three oil companies have advised that at present they are not interested in the low-grade Mexican oil because its technical quality is not suitable on the market.

The reason for the lack of interest is the low-grade Mexican Maya oil's low productivity value. The Maya oil has a high sulfur content and, what is worse, a high metal content (vanadium), which makes it unfit for "cracking."

Director Calus Hornemann from Gulf Oil says: "At the present time we are not interested in Mexican oil. A very great part of the oil is fuel-oil from which there is not much interest."

Director Ejnar Ammitzboll, Esso states: "We have informed D.O.N.G. (the governmental oil company) that we cannot accept any of the Mexican oil this year. We have previously had bad experience with Mexican oil bought by Esso, and know that there are problems in the refinement process."

Director Flemming Lund of Shell's refinery at Fredericia says that most of the oil companies are fighting a bitter and hopeless fight to avoid the heavy Mexican Maya oil which, in transactions with Mexico, is sold in "packages" together with the light and fully satisfactory istmus-oil. In oil transactions with Mexico, purchasers have previously had to take 60 parts Maya oil to get 40 parts istmus-oil.

However, we have advised that we will not stand in the way of a possible governmental agreement, and will be willing to make purchases if the conditions are satisfactory. We will possibly be willing to take one single load of 70,000 to 80,000 tons, but not until next spring. We do not have storage room for more crude oil this year. However, it is no overestimation to say that we are not excited about the Mexican oil. And the same is true for a number of other refineries around the world," director Lund says.

966?

CSO: 3106/136

NEW COAL MINING TECHNIQUE LESS DAMAGING TO ENVIRONMENT

Hamburg STERN in German 18 Jun 81 pp 172, 174

Article by Peter Thomsen: "Turbulence on Behalf of Environment"

Text "Turbo-Layer Combustion" is name given to new, non-polluting, low-cost technology for coal-driven power plants.

The energy business has struck gold, right on its own waste heaps. They are intent on producing energy and heat from the mountains of coal dust left over from the mining operations. Now there is a furnace for power plants capable of burning any flammable material including impure, sulphuric and acid coal, sludge from the mines, household garbage and even oil shale. This particular burner is smaller, less expensive and less of a pollutant than all others presently being used in conventional power plants.

This new item on the market is called "turbo-layer furnace." Coal is no longer burned in huge vats with hot combustion gases and smoke whistling through them like veritable hurricanes and gradually giving off heat to raise the temperature of the vat walls. The turbo-layer process uses ground-up coal or other crushed materials in a relatively small combustion chamber. The chamber mainly contains red-hot ashes and a mere 3 percent of coal chunks no bigger than collar buttons in size.

Forced air is introduced into the chamber from below which keeps the ashes and the burning coal chunks suspended like pingpong balls on the jet of a water fountain. This "turbo-layer" is traversed by cooling coils in which steam is produced to run turbines or district heating plants. On one side of the chamber, coal chunks are continuously added and on the other side, ashes are withdrawn.

The turbo-layer process is quite amazing. Since 97 percent of the heat comes from the ashes, the fuel does not have to be pure--the furnace is "omnivorous." Since the suspended bits of fuel are in direct contact with the cooling coils, there is a great improvement in "heat transfer" as compared to conventional boilers. And, it takes up to one-fifth less space, which automatically lowers construction costs.

Since there is a very rapid heat exchange, the combustion temperature is lowered to half the accustomed level-- from 1600 to 800 degrees. At such low temperatures, practically no nitric oxides will form. There is no effective filter at present to keep these poisonous nitrogen-oxygen compounds from escaping.

The formation of sulphuric oxides, which are equally dangerous sulphur-oxygen compounds, can easily be prevented by adding lime to the fuel being introduced into the turbo-layer. The lime combines with the sulphur contained in the coal and turns into gypsum which is then removed along with the ashes and can be used as building material.

Sulphuric and nitric acids are among the most destructive pollutants in existence. These gases which have a biting smell are known for their insidious effects. Once they escape through a chimney, they combine with the humidity in the air to turn into acid rain containing traces of sulphuric or nitric acid, two of the most corrosive substances known to chemistry. Acid rain is harmful to human beings, plants and animals; it corrodes buildings like the Cologne cathedral or the Acropolis and accelerates the corrosion of metals.

Europe's power stations, automobiles and heating plants produce about 90 million tons of sulphuric acid alone each year. Each inhabitant of the FRG "contributes" more than his own body weight in sulphuric acid to the environment each year through his use of energy-- which is enough to dissolve several people.

The selection of victims of this uncontrollable "final disposal" is determined by the wind entirely. In Sweden, for example, where the pollutants emitted by the Ruhr and the British industrial region meet, all animal life in 20,000 lakes has ceased to exist due to the hyper-acidity of the water. 48,000 lakes in Canada are similarly threatened with biological extinction.

In the FRG, it is the forests that are primarily affected. Forestry experts note that more and more spruce, oaks and pinetrees are dying in addition to the firs that suffered first. In Hesse, some 3,000 hectares of woodland have sustained damage over the past few years; throughout Europe some 1.5 million hectares have been affected. Most of the experts believe that acid rain is primarily responsible for this environmental catastrophe.

The non-polluting turbo-layer combustion process has been around for 50 years but not until now due to more stringent environmental legislation and the re-discovery of coal has interest in the process really picked up. The first commercial heating plant of this type has already gone into operation in Flingern, a district

of Dusseldorf, supplying the city with 35 megawatts of heat--"with good results," as German Babcock, the manufacturer of the installation states.

This firm is presently working on 20 requests for heating and power plants of this type. In a joint venture with its competitor, Kraftwerk-Union, it is constructing a 230-megawatt power plant in Voelklingen in the Saar which offers visible evidence of how clean the turbo-layer combustion process is: it will be the first power plant in the world without a chimney. The exhaust gases, cooled down to the very last grain of heat, electrically filtered and desulphurized are emitted through the power plant's cooling tower.

Aruth Rafael, Babcock "special installations chief" says that it is by now possible to build large numbers of these turbo-layer power plants. There is another advantage in addition to the non-polluting combustion process. The closer the heating plant is to the consumers, the more cost-efficient the "power-heat linkage" becomes. The steam, which has supplied a large part of its energy to a power plant turbine is still hot enough to be transmitted several kilometers through pipes and to heat a city district.

Conventional coal-driven power plants, on the other hand, are inefficient: only 38 percent of the energy is transformed into electric current; the remainder merely heats up the environment. The "power-heat linkage" raises the efficiency quotient to almost 80 percent. The excess heat of power plants located in the vicinity of cities could easily supply heat to 25 million German homes and thereby save 11 million tons of fuel oil each year.

An efficient, non-polluting heating plant such as this, which could replace nuclear reactors and private oil heat, ought to rate high with the population; but the power plant builders have have a different story to tell. "No matter how attractive we make it--even if it looks more like an opera house than an industrial installation," Aruth Rafael of German Babcock says, those living in the immediate area are still against it.

9478
CSO: 3103/358

REAGAN ADMINISTRATION POLICY SEEN LIMITING ENERGY PACT

Helsinki HELSINKIN SANOMAT in Finnish 9 Jun 81 p 24

[Article by Kiroti Eklund: "Finnish-U.S. Energy Cooperation Set Back by Reduced Budget"]

[Text] Washington HELSINKIN SANOMAT--Energy cooperation between Finland and the United States has been given the cold shoulder. President Reagan's budget has trimmed federal energy funding in those areas in which Finland has had an interest.

An agreement on energy cooperation was concluded between Finland and the United States at the end of last year. All that has happened in connection with the change of government in the United States has been bleak, if not an actual kiss of death for the goals set forth by the agreement with Finland.

The Reagan era's policy changes have, since the beginning of the year, been partly carried out by budget chief David Stockman, who is also known as the "hatchet man".

The hatchet has been used energetically on the budget compiled during the Carter era. The new budget, which will become effective at the beginning of next October, has been trimmed even further, particularly in the area of energy.

Research and development funds for the Energy Department were reduced by approximately 40 percent by the end of the 1982 budget year. The word has been that the cuts that were made were not in the style of the "hatchet man", in general, negotiated in advance with the department.

The Finnish-American agreement on energy cooperation included six areas, in which cooperation was to be accomplished between the two countries. They are peat, municipal heating, oil storage in rock caves, energy conservation, small hydroelectric plants, and biomass.

The intent is to conclude separate, individual, supplementary agreements on each area of cooperation. The most progress has been made in the area of peat, but the signing of the supplementary agreement for the rest of the winter has been postponed.

Peat Cooperation Discussed in Helsinki

A group of officials from the U.S. Department of Energy arrived in Helsinki in the beginning of June to negotiate this agreement, which must now be adapted to changing conditions.

Signs point to the fact that peat cooperation between the two countries will not grow to be too great. Even the level at which cooperation will be conducted is being discussed, and from that point it may possibly progress depending on how the winds blow in the new Reagan administration.

President Carter's budget is in principle in effect until October. In it 13 million dollars are earmarked for research and development in the area of peat. "Hatchet man" Stockman immediately trimmed 44 percent right off the top.

Not One Penny for Peat Research

Not one penny for peat research is allocated in Reagan's budget proposal for the 1981-82 fiscal period. Jaakko Poyry's and the American Wheelabrator-Prye's joint project for a peat plant in Maine is in the same kind of difficulties as the other peat programs. The funds for planning came from Carter's budget.

However, those who are familiar with the cuts in the Department of Energy believe that projects already in the planning are in a good position. It is assumed that their advancement is guaranteed.

Furthermore, peat research occupies an important position in the state of Maine. The state has no coal reserves at all, but its peat reserves are considerable. According to various estimates Povry's and Wheelabrator-Prye's cooperation in Maine will be continued, but possibly with private funding.

The Carter administration outlined an extensive program in the area of municipal heating. There was talk of 150 million dollars for a test program.

The Reagan administration will not grant anything for this program. The development of municipal heating is being transferred to the states, municipalities, and the private sector. The argument being promoted is that municipal heating is a known technology, which no longer needs federal support. Reagan's philosophy has been clearly evident in all the budget cuts: a releasing of the free market forces, an increase in the share of the private sector, a reduction of federal controls, and a reduction of federal expenditures across the board as well as the directing of research and development funds in energy toward so-called "risky" and the most beneficial form of energy.

In practice the releasing of the free market forces in the development of energy technology means that the country's energy companies, power plants, and others will now be able to make their own decisions on the kinds of energy alternatives that are best for them. The states, large cities, local governments, and individual enterprises appear to be rising to key positions in determining energy matters in the their areas. Starting now the federal government will give them a free hand.

The proposal to the United States for the underground storage of oil in rock as

part of the planned cooperation between our countries would have been of interest to the Finns. However, the Reagan administration is giving priority to the country's many usable salt domes as storage sites. Additional funds have even been granted for their development and construction.

The additional funds are connected with the government's plans to store so-called strategic materials including oil.

For the Americans the storage of oil is the most profitable in salt domes located in the vicinity of the Gulf of Mexico since the majority of the country's oil refineries is located in the same area.

Biomass Is Not Even Mentioned

As far as small hydro-power plants are concerned federal funding has been cut back and their development is being transferred to the private sector. Biomass is not even mentioned in Reagan's budget.

Energy conservation programs in industry and construction have also fallen into the disfavor of the Reagan administration. They have been cut back with a heavy hand.

The industrial energy conservation program, which was granted 74 million dollars in the Carter budget, has been discontinued.

The Reagan administration will also discontinue 40 different energy conservation programs, which congress has instituted in the last 7 years.

During the Carter administration plans were still alive to regulate the so-called energy consumption index for new construction, which would have determined an upper limit for the amount of energy consumed per square meter. Several million dollars were expended on its planning by the federal government.

The Reagan administration will dismantle the plan. The argument is that it would increase controls. The office overseeing industrial energy conservation will also be dismantled and its approximately 100 employees have already been given their notice.

By the end of the 1982 budget the Department of Energy will be reduced by 13 percent or 2,650 people.

The department now employs more than 20,000 people. In addition to these employees, there are approximately 125,000 workers on the department's payroll as employees of subcontractors.

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COAL POOL BEGINNING OPERATION AS DIRECTOR DISCUSSES POLICY

Helsinki HELSINKIN SANOMAT in Finnish 9 Jun 81 p 25

(Article by Markku Hurmeranta: "Industrial Coal Pools Inquire Into Foreign Participation")

(Text) The coal associations recently established by industry will begin operations in August when the first procurement agreements will be signed. At the present time opportunities for cooperation in the associations with enterprises involved in the international coal trade are being explored. Also negotiations are being conducted on expanding the partnership basis of the pools.

"In setting up our operations we intend to determine whether investments are necessary abroad in the future," states Kauko Relander, who was appointed as managing director of the Hiielienergia Corporation and the Hiielibotnia Corporation a couple weeks ago. According to him a joint venture type cooperation with enterprises dealing in the international coal trade, for example, could become a possibility.

"However, no decisions on embarking on this type of cooperation has yet been made," emphasizes Relander.

Industry established its own coal associations in order to guarantee its procurement of coal as beneficially as possible. It is believed that savings can be made particularly in transportation costs even if exact figures are difficult to obtain according to Relander.

The coal pools came about as a result of the completely new situation the enterprises encountered after deliveries were interrupted as a result of the Polish strikes. The joint efforts of industry are also seen as a countermove to the Neste Corporation's plans to become involved in the coal trade.

Kymi Included in Hiielienergia

A total of 11 enterprises were involved in the establishment stage of the Hiielienergia Corporation and five in the Hiielibotnia Corporation. Since then, Kymi, among others, have become involved in this cooperation as a new company. In the future it is also possible that the partnership base will be expanded outside of industry according to Relander.

Of the enterprises the largest was initially known by the name Hillivirta Corporation, but the name had to be given up since it turned out to be a protected generic name.

Industry estimates that it will need approximately 1.9 million tons of coal next year. However, in the initial phase this whole amount will not be transported through the coal pools since the enterprises also have their own long-term agreements which they do not intend to alter.

The value of the amount of coal to be procured for the account of the owner associations in the near future is estimated to be between 300 and 600 million markkas.

According to Relander the coal work group, which recently submitted its report, was on the right track in proposing the Port of Inkoo be dredged to 13 meters. "In addition, the funds should also be obtained in next year's budget for dredging Tahkoluoto to a depth of 15.3 meters. In the near future the same operation could also be accomplished at the Port of Kotka. After that, the dredging of the Port of Naantali to a depth of 13 meters would be timely so that conditions would exist for long distance importing," noted Relander.

"South Africa Interesting"

In his opinion Finland should make preparations for importing coal from places more distant than the United States. South Africa, among other places, is from our point of view rather interesting as a producer of coal according to Relander.

At the present time South African coal is not being imported to Finland. In addition to the small load brought in last December, it is possible that South African coal is included in spot purchases made in Rotterdam.

"However, it is apparent that the USA will remain a significant importing country unless Poland is able to bring its production back up to the previous level," predicted Relander.

The explosive increase in demand has changed the coal picture quite rapidly in the USA. The oil companies have pressed forward in this area with such force that they now control more than 40 percent of the country's coal reserves. Old coal companies have fallen at the same rate. Last year, for example, approximately 200 coal enterprises declared bankruptcy. "There are suspicions that there were other goals than a mere increase in wages in the U.S. miners' strike that is now coming to an end," states Relander.

Stockpiling User Oriented

It is contemplated that the emergency reserve law being considered will also include the stockpiling of coal. According to Relander, of the various alternatives the most suitable would be a user oriented stockpiling, the cost of which would be partially borne by the state.

In talking about reserves it becomes evident from between the lines that the large storage of coal planned in Naantali by Neste does not seem to be exactly pleasing to industrial coal users.

BRIEFS

FIRST COMMERCIAL BIOGAS PROJECT--Enough energy can be created from pig manure for the needs of a whole hog farm. This is made possible by means of biogas generation, which changes liquid manure into energy. The first commercial AWE (A. W. Enbom Company) biogas generator was ready to be delivered from the plant to the client in Simo on Tuesday. In addition to hog farms, the unit can also be adapted to barns, mink farms, and poultry farms. The unit was developed and manufactured by the A. W. Enbom Company in cooperation with the Agro-Methane Research Group. The biogas generator is calculated to accommodate a hog farm with as many as 1000 hogs. "In practice this means that 400 cubic meters of methane can be produced daily if the generator is supplied with 10 cubic meters of liquid manure in a 24-hour period," states Managing Director Goran Nykvist in presenting the unit. "This amount of methane corresponds to approximately 250 litres of light fuel oil in a 24-hour period. Changed into money at current oil prices its value is 130,000 markkas annually." According to the calculations of the manufacturer the markkas invested in the biogas generator will be recouped as direct savings in three and a half years. The liquid manure from 1000 hogs will produce a sufficient amount of methane gas to meet the energy needs of a whole hog farm. The liquid manure is decomposed in the AWE biogas generator and the resulting methane gas is used as energy on the farm. The odor of the manure is eliminated as the pathogenic bacteria dissipates and the remaining environmentally harmless liquid can be used as a soil additive. Research on extensive biogas production in Finland began in 1974, stated Assistant Professor Raimo Maatta of the Technical College. The research has been primarily funded by industry as well as the Ministry of Trade and Industry. The project, whose result is, among other things, the biogas generator intended for individual use, began in 1978. In addition to energy production, methane fermentation is also beneficial from the point of view of environmental protection, stated Professor Yrjo Malkki of the VTT (State Technical Institute). The most important benefit is the possibility of resolving the purification of waste water and waste liquids in an economical manner since an energy producing method would be used instead of the energy consuming aerobic purification. The reduction of noxious odors also makes it possible to use the liquid for fertilizer in the vicinity of densely populated areas. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 10 Jun 81 p 31] 10576

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BANKER VIEWS ECONOMIC, BUDGET, TRADE PROBLEMS

Vienna DIE PRESSE in German 27/28 Jun 81 p 5

{Excerpts from address by Dr Heinrich Treichl, general director, Creditanstalt-Bankverein}

{Text} The symptoms are evident and sometimes even listed: A large trading deficit, structural weaknesses and lacking international competitiveness in the economy, general political apathy and reluctance to pay taxes. A diagnosis, on the other hand, is hazarded at best within a small group and in whispers, because nobody wants to get into the bad books of the politicians, let alone the labor union. In an address to the plenary meeting of the Federation of Industries Dr Heinrich Treichl who will quit his job of general director, Creditanstalt-Bankverein, on 30 June, described the weaknesses of economic and social policies and was promptly subjected to severe scolding. Below DIE PRESSE publishes the most important passages of his "uncompromising retrospectives and somber outlooks"

We are still enjoying full employment and relative price stability. Both are generally cited as signs of success, the deficits in the budget and the current account as heralds of impending danger. However, these positive and negative features are actually conceptions with a great deal of heterogeneity, and only an analysis of their content may lead us to useful conclusions.

As regards the budget, 1975 marked the turning point. That was the year of economic overdrive when the recession--first appearing on the horizon in 1974--coincided with an election year, one of the most unfortunate constellations imaginable. In 1970 the net deficit as a percentage of the gross domestic product amounted to 0.6 percent, in 1974 to 1.4 percent, in 1975 to 4.4 percent (more than triple), and in 1980 to 2.9 percent.

As early as late 1974, when the business decline first threatened, budget policy began a countermove, although we had achieved a growth rate in excess of 4 percent that year, and capacities had been utilized to more than an average extent.

The 1975 rise in the budget deficit to 4.4 percent, more than 3-fold by comparison with 1974, arose in part from the automatic effects of the business cycle on the

federal budget, in part from the discretionary measures such as the reduction in wages and income taxes and the liberalization of the eventual budget. As I mentioned earlier, it was an election year. Incomes policy also was overdrawn with the result that by 1976 we had lost Austria's advantage--achieved by 1972--in terms of unit labor costs.

Still, 1975 also had more satisfactory aspects: It taught us that the earlier exchange rate policy of the hard schilling (with the sole exception of the 1969 7.5 percent D-mark revaluation which Austria did not follow) could be pursued only if wages policy were adjusted to monetary policy. This concept is the hard core of Dr Androsch's economic policy and his undeniable success.

The budget deficit has persisted since 1972; we are advised that, for 1981, we will have a net deficit amounting to 2.5 percent of the gross domestic product. That seems unduly optimistic and cannot be expected to materialize.

While we should guard against overestimating the effects of the deficit and the national debt for reasons of financial orthodoxy only, we must resolutely reject any kind of concealment or whitewash.

To begin with the facts: The extend of the officially announced national debt does not represent the whole truth: To be added to the 260 billion schillings which, in 1981, will rise to 290 billions, are more than 100 billion schillings of debts owed by special companies /nationalized companies other than the nationalized provincial companies/, administrative debts and obligations from leasing, and finally the rapidly growing contingent liabilities on guarantees by the Federal Government.

Limits of Financing Potential

Let us avoid a theoretical discussion of the limits to the national debt. In actual fact there are limits on the financing potential at home and abroad--unless we wish to abandon our stability and monetary targets. Allow me to point to only one special aspect: The danger than an unduly large share of monetary capital formation is claimed by public agencies, leaving too little for private debtors--the so-called "crowding out."

The budget deficit as the consequence of anticyclical behavior is usually retained during upswings also--the very medicine now becomes the sickness and narrows the scope of economic action. To be sure, the inventiveness of the tax authorities is considerable, but the yield of new taxes or increased rates of old taxes is apt to be regressive. It seems unlikely that much more can be squeezed out for revenues. There remains spending.

How may the budget deficit be lowered from the spending aspect?

Certainly not without corrections of two vital points--strongholds which have hitherto been unassailable: The OeBB /Austrian Federal Railways/ and the social budget.

The deficit in the OeBB's budget plus transfers amounts to roughly the same as the total revenues from income tax. All attempts to solve the problem aim to give the

OeBB a separate accounting system. What prevents this? There are 72,000 working railroaders and almost 79,000 railroad pensioners. Together with--on the average--one family member entitled to vote, this amounts to roughly 300,000 voters or 12 National Assembly seats. That carries far more weight than any business management analysis.

The sector social welfare achieves even larger dimensions. In 1980 expenditure earmarked in the federal budget for social welfare amounted to almost 68 billion schillings, substantially more than revenues from the wages tax. Insofar we have here a redistribution from the gainfully employed to those who are not employed. The federal subsidies to the pension insurance fund alone achieved an amount in excess of 20 billion schillings. This is a reflection of the welfare state which ascribes absolute priority to social insurance services. Provision for senior citizens is supposed to rest on three pillars--government pension insurance, private (employers) insurance schemes and personal savings; in Austria the latter two are distinctly underdeveloped.

Financing by way of contributions annually adjusted to a level supposed to cover the year's outgoings means that nobody's contributions go toward his own pension but actually pay the pensions of earlier generations. Worse yet: The attempt to settle current financial problems by the ex post facto purchase of insurance time at the expense of future contributors spells nothing else than the issue of a check while funds are insufficient to cover it.

Encouragement for New Employers Needed

It is obvious that the Austrian system of social security has long departed from the realm of the achievable although, admittedly, inachievability was postponed to the future. Required here are drastic corrections in direction of more alternatives, whether by personal savings given impetus by greater tax incentives, or private pension provisions by way of special purpose reserves not liable to tax discrimination.

The restrictive provisions of the second tax amendment law would have to be abolished. Retention and the alternative principle should be realized as essential bases of the entire social insurance system, but budgetary compulsions and political dogmatism have firmly locked us into a system which endangers the budget and reduces the citizen to the status of a minor.

True, spending by public budgets has various other weak spots which certainly total a significant amount. But without diminishing the overdrawn social welfare account and without returning the federal railways to fiscal health by a long-range concept accepted by all political forces of the country, it will be impossible to restore the federal budget to a sound condition. Sooner or later we will have to decide whether we are willing to carry on in the face of rising expenditure for a bureaucratically encrusted system which makes man a social object, or whether we wish for a certain degree of individual thrift. The only certainty offered by the present system is the certainty of rising contributions, rising taxes and rising currency erosion.

Economic reality seems to contradict the pessimistic undertones of this outlook: Most of all the miracle of full employment. This miracle remains amazing even when

we take into account that people who are in fact unemployed continue to show up in the wages records of directly nationalized industries and, though to a far smaller extent, the indirectly state controlled industries. Let us assume that involved here are 1-1.5 percent of the employed population. Furthermore some 56,000 foreign workers, about 2 percent of all wage earners, have left the country. Health care, education, research and other facilities of local authorities have taken up about 2 percent of the slack. Even considering all this, full employment remains an amazing phenomenon. Is it due to successful economic policies or the exceptional efficiency of our small-scale economy?

When we compare Austria with Switzerland, a country enjoying a similarly satisfactory employment situation, and do so from the aspect of enterprise classification by persons employed, we arrive at the surprising result that the classification in these two countries coincides down to decimal points from the aspect of enterprise shares. In both countries nearly 93 percent of all firms belong in the class of up to 19 employees, in other words small-scale enterprises predominate. Almost 60 percent of all gainfully employed Austrians work in firms with up to 100 employees; when the line is drawn at 500, 82.5 percent are accounted for. The comparable figure for Switzerland is 88 percent.

I firmly believe that this company and employment structure provides the real reason for full employment in the two countries. In view of the fact that the process of concentration among major corporations is likely to persist, the emergence of new employers should be facilitated and encouraged. The major difference between the two countries is the fact that major Swiss enterprises enjoy a far greater innovation potential, a far greater flexibility than our fully or semi-nationalized corporations which are growing more and more rigid in their political straitjackets.

According to a study by the Institute of German Economy, in 1978 (I have no later data to hand) Japan with 2,083 working hours per annum headed a list of 14 countries; Austria with 1,808 was in last place. In the matter of absenteeism due to sickness, family difficulties and others Austria was last but one at 13.5 percent, ahead of Sweden; here also Japan, at 2 percent, headed the list. Of course in the final analysis not working hours but labor unit costs are crucial.

Still, the comparison of annual working hours justifies the assumption that more working hours also imply more output, and the comparison certainly demonstrates attitude to work. Only totally irresponsible people can possibly talk about lowering working hours now.

Enterprise and Product Structure

I do believe we may claim that enterprise structure is one of the best aspects of our economy. In this connection I also consider it indispensable to retain our system of indirect investment encouragement, especially accelerated depreciation.

Much less satisfactory than enterprise structure is our product structure. Nevertheless I do not believe that the desired adjustments should be achieved with the aid of government intervention.

I believe, instead, that it would be enough for the government to refrain from any interference to conserve certain structures. The future will show that political

interventions to prop up no longer viable enterprises are ultimately a most expensive misdirection of human and material resources.

The future will also show whether those billions were well spent, which went--and are still going--to the promotion of giant industrial projects. Political influence is particularly obstructive when nationalized corporations and their often outstanding managements are prevented from making the indispensable adjustments.

In addition to the use of public resources for rather unpromising projects which, however, serve to placate some special interest, we also have less spectacular instances which demonstrate how severely dogma obfuscates economic reason, especially when dogmatism encounters fiscal miseries.

Housing a Flagrant Example

How, for example, can anyone hope that private housing construction (for which savings and loan institutions are such an important instrument) can be encouraged in a country where housing is considered a public asset, and where for more than 60 years rent control provisions and a tenant protection law have been in force, both of which were initially designed to be temporary and to which the phrase most definitely applies "only the temporary endures." Everybody in Austria surely appreciates the adverse effects of the 1922 rent control law: The decay of the building substance, the paralysis of private housing construction, the jungle of key moneys and the exploitation of subtenants by the main tenant.

In Austria, as a consequence, some 250,000 residential units of a total of 2,640,000 stand empty; that means almost 9 percent. Nearly half of these are in Vienna. In Vienna 15 percent of all apartments are vacant. At the same time the condition of older residential buildings continues to be unacceptably poor. The following basic demands should be made on the legislator: The housing market must gradually be opened up by the adjustment of rents. Building owners must be provided with an adequate incentive for raising housing standards. It is certainly not an original thought but a widespread appreciation that the restoration of the housing stock offers a great potential for reviving the economy and employment. It is indeed to be hoped that the utilization of this potential will be pursued largely by means of economic incentives, of course within a legally established framework.

Basically the political will to achieve this necessitates a break with archaic dogma and the assumption of a different attitude to real property. Such a decision would be completed and crowned if the local authorities could bring themselves to gradually and on extremely favorable terms transfer municipally owned housing to the ownership of their tenants. This would free the local authorities from a great deal of anxiety and financial burdens.

All the important issues I have raised today, budget reorganization, OeBB, social policy, housing and one which I have failed to touch upon for reasons of a patriotic sense of shame, the matter of Zwentendorf, fall within a peculiarly ambivalent sphere: The standpoints held with regard to them diametrically oppose the two major parties to one another, and in the case of Zwentendorf arouse ideological conflicts even within them; yet these issues cannot be settled by competition between the two

political groups. It follows that there is a compelling reason for the parties to establish a basic consensus in regard to these matters.

The social partners could offer valuable aid. We owe much of our economic prosperity to the social partnership and its efforts to find acceptable settlements even in instances where interests clash to a fairly considerably extent. We must reaffirm, though, that partnership excludes domination by one side.

Should my suggestions be dismissed as utopian--and that is surely going to be the case--I would like to ask whether it is not equally utopian to expect that we can go on just as before without suffering severe losses in our competitiveness and, consequently, our laboriously achieved standard of living.

It is not due to negligence that I have so far mentioned the current account only once, right at the beginning, when I said that the dimension of a crisis may be gauged by the budget deficit and the current account. However, these two parameters are very different indeed. The budget deficit creates a situation, the current account demonstrates it.

The State a Substitute for All Values?

The current account deficit expected for 1981 is assessed at roughly 15 billion schillings, less than in 1980 due to the weakness of the economy. Just to provide a yardstick--about a third of this decline is due to the beginning of operations in Zwentendorf and the fact that Steyr-Daimler-Puch AG persisted in carrying on with banned exports. The current account deficit is largely the result of our mistakes, not a blind blow of fate.

Free democracy, the legal state and market economic capitalism have arisen in close connection with one another; further developed, changed (not to say deformed) in many respects they still provide the foundation of the system in which we live, that system which allowed the bourgeoisie to become the sustaining stratum--I am talking here of the citizen in the political meaning, not the bourgeois as an outdated class concept. An open society of equality under the law, which allows everybody to be a citizen, who is prepared to champion the system. Should a vital part of the structure be assailed or destroyed, the whole is imperilled or ruined.

We are bound in this agreement and mutual balance of the economic and political sphere to see a truly unique phenomenon, the special nature of our system. This equipoise is by no means a matter of course: In the medieval-Christian world religious consciousness determined economic life, and Karl Marx taught and demanded the exact opposite.

A legal system guaranteeing freedom and property and a market which rewards performance: There is no bourgeoisie without property and without performance, no independent person, no freedom, no prosperity. Do we really wish to substitute the state for all these values?

Austria is stamped by its history as a dynastic-bureaucratic state: Joseph II's forcible benefactions persist to this day; in this country liberalism was imposed from

above, it created a tolerant administration. However, we barely know that watchful liberalism in which the citizen--mistrustfully--checks the power of the government. We must control the government, if we fail to do so it will control us.

In a malicious phrase Austria was once defined as a mixture between Hans Sachs and Karl Marx.

Where, oh where is Hans Sachs now?

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CONDITIONS FAVORABLE FOR FUTURE ECONOMIC IMPROVEMENT

Frankfurt FRANKFURTER ALLGEMEINE in German 24 Jun 81 p 13

(Article by So; "Next Year the Worst Will Be Over?")

[Text] Frankfurt, 23 June--in front of guests from the Bank fuer Gemeinwirtschaft AG, Prof Dr Lawrence Krause of the Brookings Institute declared that he would like to bet that next year the FRG would again have a balance-of-payments surplus. Any-way, experience had shown that adjustments to economic changes take place within 2 or 3 years. Furthermore, Krause stated, it is to be expected that the German mark will slowly recuperate on foreign exchange markets. On the other hand, this time it does not mean that confidence in the dollar will decline. As far as the European Monetary System is concerned, its earlier pessimistic attitude has been somewhat corrected. Nevertheless, it is possible that rather rough waters may lie ahead. In this connection he mentioned the political changes in France.

Krause is optimistic when it comes to the economic development of the 1980's. He does not expect new disruptions in the area of energy, even though it will remain scarce and the solving of the problem of oil dependence, which otherwise might have taken 40 or 50 years, will be reduced to 10 or 15 years. In international trade, the role of the developing countries will increase; a number of them will manage to join the developed countries; in this respect education and the acquisition of knowledge is important. At any rate, differences among the countries will increase. Krause expressed concern about the fact that there will be an increase in military and social tensions in the world and that the Soviet Union will use its increased power in developing countries.

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FOREIGN AID PROGRAMS, CREDIT EXTENDED TO PERU

Bonn DIE WELT in German 16 Jun 81 p 10

[Article by Manfred Neuber: "Bonn Wants To Promote Investments"]

[Text] Bonn--During the current fiscal year the Federal Government in Bonn is granting financial assistance to the South American Republic of Peru in the amount of DM 55 million. It is in the form of long-term credit (extending over a 30-year period, at 2-percent interest, after 10 years interest-free). In addition, Lima is receiving DM 24 million in lost subsidies for projects of technical cooperation.

The result became known in Bonn following 3 days of negotiations by the joint German-Peruvian Advisory Group. Peru was represented by members of the Ministry of Foreign Relations and the Ministry of Economy and Finance under the leadership of Ambassador Augusto Morelli Pando. The circle of German participants was composed of members of the Ministry for Economic Cooperation, the Credit Bank for Reconstruction and the Society for Technical Cooperation.

The joint advisory group has been in existence since 1976. It meets once a year, alternately in both capitals. Since the end of the military regime and the beginning of the elected government of President Fernando Belaunde Terry, who is steering the Andes state away from the planned economy and back to free enterprise, better opportunities are also opening up for foreign capital. Bonn also wants to promote the extension of private credit and investments in the South American country.

Among the projects of technical cooperation that receive financial support from the FRG are the construction of a hydroelectric powerplant in the northern part of Peru (DM 25 million), improvement of the elementary school system in rural areas and city slums (DM 10 million), measures for the infrastructure in central Peru, above all, road construction (DM 10 million) as well as improvements in the communications system between airports to increase safety (also DM 10 million). The remaining funds are to be used for energy programs.

In future Bonn and Lima also want to cooperate in the use of solar energy as well as the production of energy from biomass. On the part of Peru there is a great deal of interest in increased investments in mining.

In May the World Bank Advisory Group on Peru established in Paris for the government of the Andes state a large credit framework which is now to be used for the economic development of Peru.

Peru feels that the use of the German fishery research vessel "Alexander von Humboldt" has been a great success; half a year ago it sailed to the Pacific to locate and monitor fishing grounds, and it is frequently visited by international scientists.

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LAMSDORFF URGES CONTINGENCY PLANNING FOR FUTURE OIL CRISES

Bonn DIE WELT in German 16 Jun 81 p 9

[Article by J. Schaufuss: "Lambdorff: There Will Definitely Be Another Oil Crisis"]

[Text] Paris--As a result of the continuing decline in oil consumption and stable supply conditions, the oil market situation has improved. Proceeding from this assumption, government representatives of the 21 member states of the International Energy Agency (IEA) unanimously pointed out yesterday in Paris that the situation is still precarious. The stability of oil prices can only be maintained if consumers continue their energy-conscious attitude and if the supply by producing countries continues to be high.

FRC Minister for Economics Otto Graf Lambdorff declared that there will definitely be another oil crisis; the reason is that troublespots causing political crises remain. He called attention to the fact that both oil shocks--in 1973 and in 1979--were caused by political events. Nevertheless, however, the minister expects that prices will actually remain stable for this year and "perhaps also for 1982." He summarized the results of the conference, using the formula: "Detente without security."

The short-term development of oil supply conditions was viewed with distinct optimism during this conference. Taking into consideration moderate seasonal additions during this summer, the current level of stockpiles should be adequate to cover the necessary initial requirements for the winter.

According to the communique, the ministers agreed "in principle" that energy prices "must not establish false signals." Consequently, the Advisory Council was asked to take up right away the question of avoiding consumer subsidies. To promote increased energy conservation and accelerated oil substitution, tax measures must also be used to keep oil product prices at a high level.

In addition to nuclear energy, the continued expansion of which must (Lambdorff) "be maintained as scheduled in the FRG and other countries," the ministers expect that especially coal presents better substitution possibilities. They demanded a comprehensive investigation into coal policies and programs to be conducted still this year in cooperation with the Coal Industry Advisory Council (Ciab)--which exists within the framework of the IEA. Furthermore, they underlined the important contribution to a long-term guarantee of energy supplies which has been made by new energy technologies.

In view of the uncertainty and the risks that overshadow conditions on the world oil market, the ministers expressed the determination of their governments to make sure that the IEA will be better able to react to oil supply disruptions. In the opinion of Lambdorff, however, the discussed strengthening of IEA "precrisis instruments" must not lead to mere formalization. The system must remain flexible and be applicable to every specific situation. In this connection, the German minister feels that close cooperation with the petroleum concerns is very important.

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CMEA EXPORTS INCREASE--The foreign trade group of the Commission on Cooperation Between Finland and the CMEA, the economic organization of the socialist countries, concluded its 10th meeting in Helsinki. The participants at the meeting were the Soviet Union, Bulgaria, Hungary, the German Democratic Republic, Cuba, Mongolia, Poland, Romania, and Czechoslovakia. The development of trade between Finland and CMEA-member countries was examined at the meeting. Finland's exports to CMEA-member countries increased 49 percent last year and imports increased 40 percent over the previous year. Total trade increased from 2.9 billion to 4.3 billion markkas. The future development of trade activities was also discussed. In the work group it was confirmed that reports by experts on unifying and simplifying trade documents and procedures have been fruitful. The general contractual conditions of commodity trade will be discussed at the follow-up meeting to be held in August. Lists of those products and equipment in which a willingness to purchase or sell was expressed were examined at the meeting. At this time the lists include, among other things, ship equipment, LVI equipment, safety equipment for highway traffic, as well as certain products of the chemical industry. The results of this meeting of the work group along with its recommendations will be submitted to the annual meeting of the cooperative commission, which will be held in the capitol city of Mongolia, Ulan Bator, at the end of October. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 13 Jun 81 p 6] 10576

CSO: 3107/109

CAUSES OF NATION'S DECLINING EXPORTS VIEWED

Paris LE NOUVEL ECONOMISTE in French 22 Jun 81 pp 46-49

[Article: "Exports: France is Slipping"]

[Text] Twenty billion francs is the price of French firms' loss of competitiveness on the world market in 1980. The strongest areas are almost all losing ground and those that were already in the red are getting weaker.

We have nothing to flaunt. For a while France had thought it had caught up with Japan in the great battle for exports. After a very disillusioning 1980 France found itself in fifth place worldwide, after the United States, West Germany, Japan and Great Britain (helped considerably, it is true by North Sea oil and a pound sterling at its highest level). Mitterrand's new administration is beginning to understand--everything depends on foreign trade as well as on prices.

In 1980 France saw its trade deficit increase by 60 billion francs. The increase in the price of oil--40 billion in one year--accounts for only two-thirds of this worsening in foreign trade conditions. The remaining third is due not so much to a new surge of imports as to a flagging of exports. French purchases did undergo a 25 percent increase in one year, or two points more than the preceding year, but this increase is less than the average for industrial nations (which the Gatt Report estimated to be 30 percent for 1980). In addition, if the increase in the price of crude oil purchases is excluded, growth in French imports stabilized last year at 17.5 percent compared to 20 percent in 1979. Thus, aside from oil, there was a decrease in foreign purchases. The domestic market remained relatively protected.

But exports are not doing well. French industries' loss of competitiveness on world markets in 1980 meant an additional 20 billion francs in accounts payable. No matter how bold they are, French industry's salesmen are no longer outdoing their foreign competitors, although it must be said that the combination of a high inflation rate and an expensive franc hardly helped them the past year. This year, things have changed.

Between 1979 and 1980 export sales tumbled 8 points, from 20.8 to 12.8 percent, a slackening distinctly greater than that of world trade. Export sales by industrial countries advanced an average of 17 percent in 1980, or 4 to 5 points more than the rate of "made in France."

The essential point is to find out if France will keep its fifth place world ranking among exporters, which will depend on several key sectors which were losing ground last year.

The foursome of mechanics, metals, chemistry and automobiles make up 60 percent of France's foreign selling strength. These sectors, which are traditionally in the black, and which were in 1980, have already recorded an average decline of 15 percent in their trade surpluses. This means they account for 11 percent of the worsening of the French trade deficit: 6.7 billion francs which must be made up.

Chemical export sales declined 9 points, metals 8 points and mechanics 3 points. The rate of growth of these exports does not exceed the inflation rate, and indicates a stagnation in volume of export deliveries.

Automobile exports are declining: foreign sales increased only 4.6 percent (12 points less than 1979) and indicate a considerable decline in number of vehicles exported.

Electrical equipment is in a similar situation; its surplus decreased by 1.7 billion francs last year. This sector, after spectacular progress in 1979 (+ 20.3 percent) has slowed to rate of prior years (10 to 11 percent per year).

This lethargy can be seen in all the leading sectors of exports. After several exceptional years there is now a return to the moderate growth of prior years, a worrisome fact. This rate is insufficient to ensure each sector's balance and even tends to erode trade conditions progressively.

There is, however, one hope: the strong showing of food and agricultural products. It is the only major sector which has managed to improve its position substantially, increasing its trade surplus sevenfold in the space of three fiscal years. This surplus has increased by almost 10 billion francs in 1980 and reached 18.6 billion francs, or half of the increase in the oil bill. In one year agricultural and food exports have increased 21.5 percent, the greatest increase in any sector of production and at a rate significantly higher than that of the preceding year (+15.6 percent). This green oil is keeping its promises and has given us precious breathing space. It is once again in the place of honor that it unfortunately lost in 1977, a deficit year.

Agricultural and food industries now represent 33 percent of foreign trade receipts, a level close to that of the automobile. France's selling strength abroad has thus taken on a rather unbalanced aspect: two sectors alone account for two thirds of the currency increase from exports--41 billion francs surplus for agricultural and food products and automobiles combined, vs. 67 billion francs for all sectors showing a surplus.

A return to a stable trade balance can happen only if there is a large-scale re-emphasis, especially on those sectors which are traditionally in the red: paper, wood and textiles. The deficit in these three sectors increased 23 percent in 1980 and reached 22.3 billion francs. The export rate for textile articles fell close to 10 points last year, going from 16.3 percent in 1979 to 6.1 percent in 1980. Paper experienced a similar decline, with a drop of three points in rate of foreign sales. Only forest products advanced somewhat, but not enough, however, to offset the dizzying increase in purchases (+22.2 percent). So the deficit also continues to grow.

During the last 5 years, the deficit for wood, paper and textiles has continually increased.

Several industrial sectors are therefore incapable of compensating for foreign purchases. But there is something more serious: the extraordinary imbalance in the geographic distribution of our sales. France trades with half of the planet: 95 percent of our foreign sales are with countries whose per capita GNP exceeds \$300, that is, with 50 percent of the world population. Unfortunately, conquering the other half of the planet is not that easy.

About half of our trade is with countries whose per capita GNP exceeds \$7,000, which includes 12 percent of the earth's inhabitants. It is in fact these countries that account for most of our trade deficit--101.3 billion francs last year. This group includes both petroleum producers (Saudi Arabia) and the large industrial nations.

West Germany alone accounts for more than 16 percent of our sales. The trade deficit with our Rhine neighbor has, however, increased by 6.8 billion francs in one year, due to a fourteen point decrease in exports. For Western Europe as whole French sales fell by about 13 points (+8.7 percent in 1980 vs. +21.5 percent).

This increase in the trade deficit within the EEC (a threefold increase in one year) is not the result of a new surge of imports (+15 percent in 1980; +20.1 percent in 1979), but of a slowdown in sales. The health of France's foreign trade is closely linked to the overall European economy.

The least that can be said is that 1981 started off badly for the EEC. The substantial jump in the dollar and attacks on the franc may presage a deterioration in trade of services, traditionally a strong point in our trade balance.

Last year's 35.9 billion franc surplus in services would have at least limited the deficit in the current balance of payments, which at the end of 1980 showed a negative balance of 31.1 billion francs, whereas it had showed an excess of 6.7 billion in 1979. The "invisibles" no longer compensate for the trade deficit. Thanks to large-scale efforts and cooperation, a surplus of 16.3 billion francs was recorded last year, an increase of 21.6 percent. Tourism was also on the way up, with a positive balance of 9 billion francs, a 27 percent rise. As important as they are, these results point out the structural weakness of our trade balance. France must at all costs increase its efforts to sell manufactured products. We are not yet a great industrial power.

A. Classement des balances commerciales		2 BALANCES COMMERCIALES	
1. SECTEURS		3 Export FOB Import CIF (in millions de francs)	4 -1980/1979 (in millions de francs)
a. Automobile		+ 22 775	- 2 472
b. Agro-alimentaire		+ 18 595	+ 9 975
c. Chimie		+ 8 803	- 2 649
d. Métaux		+ 6 411	- 1 004
e. Matériel électrique		+ 5 122	- 1 601
f. Aéronautique		+ 3 283	- 1 496
g. Construction navale		+ 1 800	- 1 770
h. Mécanique		- 848	- 8 788
i. Divers		- 6 280	- 1 078
j. Papier/édition		- 6 767	- 1 301
k. Bois-meublement		- 7 402	- 1 727
l. Textile-habillement		- 8 100	- 1 139
m. Produits d'extraction		- 136 955	- 49 518
<i>Tous : Données temporaire</i>			

A. A Classification of Trade Balances

1. Sector	g. Shipbuilding
2. Trade Balance	h. Mechanics
3. Export FOB	i. Miscellaneous
- Import CIF	j. Paper/publishing
(in millions of francs)	k. Wood/furniture
4. Change	l. Textile/clothing
1980/1979	m. Ores, minerals, coal
(in millions of francs)	n. Source: French Customs
a. Auto industry	
b. Agricultural/food	
c. Chemical	
d. Metals	
e. Electrical Equipment	
f. Aeronautics	

i. Le commerce extérieur de la France en 1980

ÉCHANGES	IMPORTATIONS		EXPORTATIONS		BALANCE COMMERCIALES	
	5 80/79	6 1980	5 80/79	7 1980	8 80/79	9 1980
5 + 20,3	580 000	+ 25,5	480 548	+ 14,5	- 10 000	- 80 421
6					(87,7)	(88)
7 + 19,4	580 000	+ 25,3	470 368	+ 12,8	- 37 632	- 99 480
8					(81,7)	(82,8)

1) Poids en milliers de tonnes - les chiffres sont arrondis au millier de tonnes.

B. French Foreign Trade in 1980

1. Trade	8. 1979* 1980
2. Imports	9. Over all total
3. Exports	FOB-FOB
4. Trade Balance	10. Overall total
5. 80/79 (in %)	CIF-FOB
6. 1980* 80/79 (in %)	ii. *Amounts in millions of francs. Figures in parentheses indicate cover rate.
7. 1980* 80/79 (in %)	

C. Le commerce extérieur de la France en 1980 par zones géographiques
 (en milliards de francs)

	EXPORTATIONS FOB 1.	VARIATION 79/80 2. % p. 1	% DU TOTAL 3.	IMPORTATIONS CIF 4.	VARIATION 79/80 5. % p. 4	% TOTAL 6.	SALDO COMMERCIAL 1980 7.
EUROPE 8	323	+ 38	68,7	339,7	+ 29,7	69,6	- 16,7
dont : - CEE 9	239,4	+ 8,7	50,8	231,0	+ 18	49	- 22,8
- Europe de l'Ouest	64	+ 20,7	13,6	59,6	+ 24,6	10,6	+ 8,4
- Europe de l'Est	19,6	+ 14,6	4,2	22,2	+ 58,5	3,6	- 1,6
AMERIQUE 10	37,3	+ 6	7,9	64,6	+ 38	11,3	- 27,3
dont : - Amérique du Nord	23,7	+ 1,8	5	49,0	+ 32,2	8,6	- 20,2
- Amérique latine	13,6	+ 14,1	2,9	14,6	+ 48,5	2,6	- 1,1
AFRIQUE 12	44,3	+ 27,6	9,4	38,1	+ 48,2	6,7	+ 6,2
ZONE FRANC 13	23,7	+ 14,2	5,1	18,7	+ 13,6	2,6	+ 8
ASIE 14	39,3	+ 14,8	8,4	107,6	+ 39,9	18,6	- 68,2
OCEANIE 15	1,8	- 0,6	0,3	3,3	- 1,3	0,6	- 1,6
DIVERS 16	1,2	+ 11 000	0,3	0,9	+ 116,6	0,2	+ 0,3

Source: Direction Générale du Commerce et de l'Industrie

C. French Foreign Trade in 1980 by Geographical Area
 (in billions of francs)

1. Exports FOB	10. America
2. Change 79/80 in %	11. North America
3. % of total	Latin America
4. Imports CIF	12. Africa
5. Change 79/80 (in %)	13. Free Zone
6. % of total	14. Asia
7. Trade Balance 1980	15. Oceania
8. Europe	16. Miscellaneous
9. EEC	17. Source: French Customs and (CFCE)
Western Europe	
Eastern Europe	

Dramatique déficit avec les pays riches										
D. Le commerce extérieur de la France en 1980 par zones économiques										
Nombre de pays	Population en millions	Imports 1979	Imports 1980	Percent change 1980/1979	Imports 1979	Imports 1980	Percent change 1980/1979	Population en millions	Imports 1979	Imports 1980
Plus de 7 000 dollars (vingt-trois pays) 11	660,4	265 230	225 200	+ 15,0	207 600	233 900	+ 17,0	- 87 630	- 101 274	
dont : République fédérale d'Allemagne 12	81,8	61 744	69 100	+ 12,0	71 721	78 370	+ 9,1	- 10 033	- 16 811	
- Belgique, Luxembourg	16,2	41 060	47 000	+ 15	40 682	43 045	+ 7,5	- 222	- 3 663	
- Etats-Unis	818,8	36 420	46 000	+ 26,8	39 202	50 700	+ 29	- 14 664	- 24 664	
- Pays-Bas	14	27 622	30 000	+ 10,8	22 292	22 000	- 1,4	- 4 330	- 7 977	
- Arabie Saoudite	8,8	24 244	30 021	+ 23,3	4 000	4 100	+ 2,5	- 10 673	- 20 683	
- Suisse	4,3	10 001	12 000	+ 20	17 000	22 000	+ 29,4	- 5 019	- 9 284	

D. A Dramatic Deficit with the Rich countries
French foreign trade in 1980 by economic zones

1. GNP per inhabitant	8. Percent of Change 1980/1979
2. Population in millions	9. Trade balance 1979
3. Imports 1979	(in millions of francs)
4. Imports 1980	10. Trade balance 1980
5. Percent of change 1980/1979	(in millions of francs)
6. Exports 1979	11. Over \$7,000
(in millions of francs)	(twenty-three countries)
7. Exports 1980	12. West Germany
(in millions of francs)	Belgium, Luxembourg
	United States
	The Netherlands
	Saudi Arabia
	Switzerland
	13. Countries whose per capita GNP exceeds \$7,000.

E. Excédents en baisse avec les moyennes puissances										
Entre 3 000 et 6 900 dollars (vingt-cinq pays) 1	650,7	110 160	100 000	+ 9,3	121 200	140 007	+ 16,1	+ 11 112	+ 3 662	
dont : Italie	80,9	66 104	62 000	+ 16,1	47 619	58 700	+ 23,8	+ 11 112	+ 3 662	
- Grande-Bretagne 2	81,8	59 067	50 707	+ 20,4	52 003	52 704	+ 1,4	+ 6 436	+ 9007	
- Espagne	77,4	42 957	43 472	+ 13	41 100	42 171	+ 2,6	- 229	- 3 301	
- URSS	282,3	76 10	62 007	+ 67,8	65 32	64 418	+ 22,1	+ 913	- 4 649	
- Grèce	9,4	1672	1 000	+ 16,2	4 000	4 972	+ 23,8	+ 2421	+ 3 021	
- Pologne	36,3	2344	2 400	+ 6,3	2 874	3 614	+ 26,3	+ 229	+ 1 048	

E. Surpluses Declining with the Moderate Powers

1. Between \$3,000 and \$6,900 (twenty-five countries)	2. Italy	USSR
	Great Britain	Greece
	Spain	Poland

F. L'agressivité des nouveaux concurrents

Entre 700 et 2 000 dollars (quarante-deux pays)	330,1	68 443	64 934	+ 38,3	60 627	87 888	+ 16	+ 3 184	- 7439
dont : Irak	15,8	14 273	13 400	+ 64,8	2 201	4 887	+ 26,1	- 10 000	- 10 000
- Algérie	10,2	6 729	7 300	+ 82,8	6 220	11 000	+ 34,7	+ 3 850	+ 3 850
- Afrique du Sud	9,8	4 043	8 100	+ 96,8	2 240	4 078	+ 81,2	- 1 763	- 1 024
- Côte d'Ivoire	6,1	3 320	3 310	+ 0,3	4 723	4 803	+ 1,7	+ 1 387	+ 1 467
- Brésil	12,0	3 811	9 000	+ 42,8	2 600	2 003	+ 16,8	- 900	- 3 067
- Portugal	6,0	1 000	2 104	+ 10,8	2 700	3 200	+ 18,2	+ 1 100	+ 1 142

Entre 700 et 2 000 dollars (quarante-deux pays) : Irak, Algérie, Afrique du Sud, Côte d'Ivoire, Brésil, Portugal.

F. Aggressiveness of New Competitors

1. Between \$700 and \$2,000 (forty-two countries)

2. Iraq
- Algeria
- South Africa
- Ivory Coast
- Brazil
- Portugal

G. La manne vient d'Afrique

Entre 300 et 869 dollars (trente-trois pays)	330,1	12 944	14 439	+ 17,8	21 160	22 045	+ 9	+ 8 000	+ 8 625
dont : Maroc	15,8	1 839	3 000	+ 15,4	5 000	5 024	+ 0,2	+ 3 180	+ 1 762
- Egypte	10,0	573	620	+ 84,4	3 077	5 000	+ 48,2	+ 3 402	+ 4 973
- Cameroun	8,2	1 524	1 000	+ 57	2 200	3 014	+ 20	+ 1 031	+ 1 322
- Sénégal	6,5	1 000	701	- 28,5	1 000	1 763	+ 75,3	+ 820	+ 662
- Niger	8,2	1 001	1 000	+ 0,1	820	900	+ 8	- 300	- 667
- Indonésie	10,8	963	1 370	+ 38,8	701	1 014	+ 33,3	- 222	- 364

Entre 300 et 869 dollars (trente-trois pays) : Irak, Algérie, Afrique du Sud, Côte d'Ivoire, Brésil, Portugal, Maroc, Egypte, Cameroun, Sénégal, Niger, Indonésie.

G. A hope from Africa

1. Between \$300 and \$869 (thirty-three countries)

2. Morocco
- Egypt
- Cameroun
- Senegal
- Niger
- Indonesia

3,7 % des exportations avec le quart mondial

Moins de 300 dollars (trente-quatre pays)	8 130,6	12 600	30 300	+ 60,4	11 000	17 100	+ 48,3	- 604	- 3 617
dont :									
Nigéria	814	8 187	18 700	+ 100,7	3 240	8 717	+ 78,1	- 2011	- 7 009
Chine	804,3	1 268	1 670	+ 42,6	1 642	1 264	- 12,3	+ 84	- 662
Inde	804,3	1 472	1 400	+ 1,2	1 171	1 478	+ 28,1	- 301	- 14
Pakistan	784	264	300	+ 81,1	969	1 303	+ 37,4	+ 431	+ 904
Madagascar	84	375	410	+ 11,6	670	1 150	+ 38,3	+ 407	+ 700
Cuba	8,6	171	200	+ 63,7	191	1 132	+ 488,7	+ 20	+ 682

H. 3.7% of Our Exports With One Quarter of the World

1. Under \$300
(thirty-four countries)
2. Nigeria
China
India
Pakistan
Madagascar
Cuba

9720

CSO: 3100/802

SURVEY OF INDUSTRIALISTS PREDICTS ECONOMIC UPTURN

Rotterdam NRC HANDELSBLAD in Dutch 20 Jun 81 p 11

[Report: "Many Companies Optimistic About 1981"]

[Text] Amsterdam 20 Jun--Half of the industrial concerns in our country expect to achieve better trading results in 1981 than last year. On the other hand, 28 percent of the industrial concerns are expecting worse trading results. These are some conclusions from a representative random sample made on behalf of the Economic Daily by the Dutch Center for Industrial and Distribution (INDUS) research.

INDUS reports that primarily in electronics the future appears to be promising. In that branch of industry 57 percent of the companies expect equal trading results for 1981 and 24 percent of the companies better results.

602 Companies participated in the inquiry. According to the conclusions of the inquiry, during the past year two-thirds of the industrial concerns invested in industrial buildings or other constructions, in land, means of transport, production machinery and other assets.

The metal, chemical and textile sectors and the small companies invested relatively little.

It is further clear from the inquiry that 79 percent of the industrial concerns find the investment climate worse compared to last year. In the transportation branch 90 percent of the companies share this opinion and in the food industry 84 percent.

It is remarkable that according to the results of the inquiry 45 percent of the companies in the chemical sector nevertheless expect a more favorable investment climate for 1981 than in 1980. In spite of the rather negative picture of the investment climate, 69 percent of the companies are planning to invest more in 1981 or 1982 than they did last year.

The industrial investments in 1981 and 1982 are estimated by the pollsters at close to 20 billion guilders. Distributed over the various sectors, the list looks as follows: construction, 5.7 billion; metal, 2 billion; transportation, 3.9 billion; chemical industry, 1.7 billion; electronics, 0.1 billion;

textiles, 0.4 billion; food industry, 2.4 billion and other branches of industry 3.6 billion guilders.

In financing the investments, an important role is reserved for the banks. About 64 percent of the industries want to approach banks for their investments. Of the 20 billion guilders expected to be invested by the companies, about 9 billion thus has to come from banks. (ANP [General Netherlands Press Agency]).

8700
CSO: 3105

ERDEM DISCUSSES IMPACT OF TAX LAWS

Istanbul TERGUMAN in Turkish 8 Jun 81 p 5

[Text] Ankara--Minister of Finance Kaya Erdem stated, "Thanks to the tax laws, Turkey's economy has made distinct progress. However, we do not consider this progress adequate."

Minister of Finance Erdem, who was interviewed in the journal YANKI, explained that the new tax laws were enacted for the purpose of supplementing the 1980 stabilization program. He pointed out that it is necessary that the stabilization, tight-money, and wage and support policies continue to be pursued in a harmonious manner. Erdem reported that the state is being strengthened through the tax laws and said, in summary:

"The state is strengthened and has the opportunity to pay its debts to workers and contractors. We are collecting a 5-percent stoppage tax from farmers. Consequently, our payment to arm-beet farmers, which has been made at the end of June each year, was made in January this year. The treasury debt to contractors had been 14 billion liras. Today, it is down to between 2 and 2.5 billion liras. In short, when the state is strengthened, everyone benefits."

Erdem noted that the Central Bank is now providing credit selectively and that the time will soon come when it will be possible to take measures to provide credit to an adequate number of fields and to give operation credit so that production will increase, unemployment will be prevented, and exportation will be encouraged. He spoke on the topic of withholding taxes, saying:

"An annual 50,000-lira tax has been imposed on owners of businesses. This is the same amount as is paid by a worker who receives the minimum wage. We seek to collect the tax in installments, 4,200 liras per month. If, when the accounts are closed at the end of the year, a person is in a position such that this should not be paid, he will inform our employees, who will study his situation, and taxes that were collected will be refunded to him. We have said that each person should pay just taxes according to his earnings.

"A tax is just when each person pays the amount he is able to pay. There is extreme discontent when a significant portion does not pay according to its power and the others pay excessively. For this reason, taxes must be collected from everyone, but in accordance with true earnings. Before these tax laws were passed, this principle was not applied in Turkey."

11673
CSO: 4654/11

STEEL INDUSTRY EXPANSION REPORTEDLY POSTPONED

London 8 DAYS in English No 24 20 Jun 81 pp 38-39

[Text] JUST AS a high-level Soviet trade delegation was in Ankara discussing management and expansion problems of the Iskenderun iron and steel works, Turkish Industry Minister Sahap Kocalopcu told the Anatolian News Agency that two major projects — the expansion of the Iskenderun steel mill and the proposed Sivas steel mill — have been postponed until further feasibility studies have been conducted.

Business circles in Ankara and Istanbul believe that the Soviet team arrived to look into reasons behind the ministry of industry's decision to shelve expansion plans of the plant and to see if the decision could be reversed. What is surprising is that during the delegation's visit, Ankara radio announced that 'the expansion of the works (referring to Iskenderun) is scheduled for completion by mid-1983'.

During negotiations between the Turkish and Soviet officials a programme was prepared which included considerable strengthening of the mill's management and improving the existing technical equipment. A consensus has also been reached on buying such equipment from the Soviet Union in exchange for iron and steel products. As one Turkish businessman put it: 'The Russians are seriously concerned that one of their most important investments outside the Soviet Union might backfire if the Turkish authorities decide to close down the mill completely in the face of world recession in the steel industry.' The same line of thought was expressed by the Turkish minister of industry: 'The crisis in the world steel industry is affecting Turkey too.'

The capacity of the Iskenderun plant is 2.2m tonnes a year, as against a projected capacity of 4m tonnes. But at present the plant is producing only about 1m tonnes per year of molten steel. To increase the

capacity of the plant by 120 per cent. Apart from management changes and rectifying technical problems, we must sort out the difficulties encountered in transporting iron ore,' said one official from the ministry of industry.

The Iskenderun plant, with its deep water harbour, was Turkey's third iron and steel factory built by the Russians and went into operation in December 1975. The plant cost Turkish lire 9.36bn and employs a 9,000 workforce.

Total domestic demand for iron and steel in Turkey was forecast in the fourth Five Year Plan (1978-1983) to increase at a rate of 14.5 per cent annually, reaching 9m tonnes per year in 1983. But with setbacks in many public sector projects, steel industry projects have also been hit. The nearly 2m-tonne-capacity Sivas iron and steel complex, which would have been built with Japanese help, has been shelved.

But important extensions have been completed at the state-owned iron and steel mill at Karabuk — realised with British credits before the war — and the jointly owned Eregli iron and steel works, built in 1963, is being extended with help from the World Bank, AID and other sources, to boost production.

Most of Turkey's steel industry is state-owned but about 20 private producers have a joint annual capacity output of around 750,000 tonnes. It is uncertain how long these private companies can continue to survive.

The Turkish Chamber of Commerce has announced that a total of 1,966 companies in Istanbul have submitted petitions this year that they can no longer continue operations. More than 2,700 companies in Istanbul and Izmir have closed during the year, hit by the severe recession affecting mainly small-scale industries and businesses.

BRIEFS

GROWTH RATE FIGURES--Ankara (THA)--Under Secretary of the State Planning Organization (SPO) Yildirim Akturk announced that the 3 percent rate of growth proposed for this year could be exceeded and that growth was expected to attain 4 percent. SPO Under Secretary Akturk said: "The 1981 economic growth targets were established on the basis of figures for the previous year." He further said: "However, during the year, it was observed that significant increases had occurred, particularly in the agricultural sector, and this is a sign that the target growth rate will be exceeded." Akturk said the following: "The 1981 figures, calculated using the low production figures for 1981 [as published] changed when it was indicated that the agricultural sector's production would exceed expectations. The 1981 agricultural production, in particular wheat production, will increase significantly. Increased production is also expected in the industrial sector, though not to the extent expected in agriculture. As a result of these positive developments, it will be necessary to raise the growth rate for the gross national product, set at 3 percent for 1981. We believe that the growth in GNP will be in the neighborhood of 4 percent." Yildirim Akturk indicated that "positive developments will occur in 1981 foreign exchange income and export and workers' remittance income will exceed the target figures." [Text] [Istanbul MILLIYET in Turkish 23 Jun 81 p 11]

SIEMENS INVESTMENTS--Cologne (ANKA)--Siemens, one of the world's largest investment groups, indicated that as a result of the improvement in market conditions in Turkey, they wished to increase their investments. In an interview given to the Voice of Germany, Hermann Franz, a member of the board of directors of Siemens Holding, indicated that work was under way to expand some of the corporation's investments in Turkey. Hermann Franz said the following: "Work is under way to expand the switch and switchgear [salter donatim] factory in Turkey. We are also going to expand the cable factory. If one considers that Turkey is passing through an extraordinary period, I can say that we are extraordinarily pleased with developments. Due to the fact that market conditions are improving, we wish to undertake new investments in Turkey. [Excerpt] [Istanbul TERCUMAN in Turkish 26 Jun 81 p 9]

INCREASED HIGHWAY VEHICLE PRODUCTION--Ankara (Akajans)--A large increase in the manufacture of highway vehicles has been planned for this year, by contrast with 1980. In this regard, plans call for the manufacture of 10,564 billion lira worth of highway vehicles and parts and the exporting of 4.95 billion lira worth of highway vehicles. Of the highway vehicles produced in Turkey, it is proposed to increase the exports of trucks by comparison with 1980. Plans call for the

production of 10,512 trucks this year in order to meet domestic requirements. Of these, 180 will be exported, earning 288 million lira in foreign exchange. Meanwhile, 130 trucks will be imported, for an expenditure of 270 million lira in foreign exchange. By comparison with 1980, 2,000 trucks will be produced. Whereas it is contemplated that 4.95 billion lira in foreign exchange will be earned from exports of highway vehicles, a total of 16.12 billion lira--largely made up of motor and other spare parts--will be imported. [Istanbul TERCUMAN in Turkish 20 Jun 81 p 9]

TURKEY-ZAIRE EXPORT TIES--Istanbul--Commerce Minister Kemal Canturk revealed that Turkish-Zairian export ties, which previously stood at \$27 million, have been increased to \$177 million. Answering questions from newspapermen at Yesilkoy Airport upon his return from an official visit to Zaire, Canturk indicated that positive results in the interests of both countries had been obtained concerning the development of economic relations between Zaire and Turkey. The commerce minister indicated that a \$150-million export potential has developed in addition to the \$27-million export connection which had previously existed. Canturk reiterated his views on extensively opening up Zaire to foreign countries and added that if relations with Zaire were raised to a higher level, this could create new potential for our country. [Istanbul TERCUMAN in Turkish 14 Jun 81 p 3]

FOREIGN COMMERCIAL ORDERS--Ankara (Akajans)--Minister of Industry and Technology Sahap Kocatopcu announced that "Orders received from abroad by Turkish entrepreneurs amounted to \$5 billion." Industry Minister Kocatopcu stated: "In the next few years, this figure will exceed \$8-10 billion." "The country from which Turkish entrepreneurs have received the most orders is Libya, followed by Saudi Arabia," he said. Industry Minister Kocatopcu indicated: "We are not presently considering adding new measures to those taken by the government a short while ago in order to encourage Turkish entrepreneurs to undertake projects and construction abroad. The measures already taken are sufficient." [Excerpts] [Istanbul MILLIYET in Turkish 30 Jun 81 p 11]

SUGAR PRODUCTION--Industry and Technology Minister Kocatopcu, in answer to a question, indicated that sugar production would increase to a large extent. He said "This year, sugar production will reach 1.1 million tons. This is a very large figure. Once again, this year, several hundred thousand tons of sugar will be exported." Kocatopcu indicated that the largest factor in the increased sugar production was more widespread planting of sugar beets. [Istanbul TERCUMAN in Turkish 25 Jun 81 p 9]

CSO: 4654/81

YOUNG SOCIALISTS CRITICIZE POLICIES OF SPOE

Vienna PROFIL in German 9 Jun 81 pp 12-14

[Article by Robert Buchacher: "Grandfathers and Sons--Conflict With the Young Socialists"]

(Text) The Young Socialists' ["Jusos"] regard for conditions in Vienna between the World Wars is not accidental. They have more in common with their grandfathers than they do with their fathers.

As thousands of participants in the "International Socialist Youth Congress" on Vienna's Rathausplatz were waving their red banners, Austrian Juso chief Josef Cap raked his own party over the coals.

The SPOe, Cap thundered last Saturday, has become simply a service organization rather than a movement with plans for the future. "That is not what our grandfathers fought for."

Cap demanded a change of direction for the party in conformity with the ideas of the Red youth: "Objectives: peace, disarmament and detente; international solidarity; a new type of global economy; a socialist alternative." Then he shouted into the microphone: "Let us take warning from what happened in Berlin."

As a matter of fact, Berlin might serve as a warning not only to the young comrades: during the city parliament elections on 10 May, a leftwing "Alternative list" garnered 7.2 percent of the vote and thereby stole nine seats from the governing Social Democrats, thus easing them out of the city government.

The inhabitants of Vienna's city hall appear to be in a panic too: since opinion polls predict a crushing defeat for them, they are desperately trying to change course. First, City Counselor for Environment Peter Schieder virtually prostrated himself before the public in the Votivpark by proclaiming "permission to walk on the lawns," then Leopold Gratz announced his new program for the city of Vienna ~~on~~ Thursday: inexpensive apartments for young people starting out in life; a streetcar expansion program; decentralization of the administration; funds for rehabilitating old apartment buildings; new residential streets and bicycle paths.

However, this change of course on the part of Vienna's city hall socialists is coming too late for many dissatisfied citizens: encouraged by Berlin election results, citizens' groups and others are calling for meetings and as early as next Monday want to designate their candidates for Vienna's next community council elections.

A fair number of the young comrades are gloating over these events. As JG Federal Assembly member Michael Haeupl puts it, the "glued-to-the-chair" faction has for many years chosen to disregard the young party members' criticisms. Now that these people are in deep trouble, they gradually have to come to terms with the issues which the young people have forever been talking about:

- an absolute priority for public transport; lower rather than increased streetcar fares;
- no super highways within the city; no major projects;
- gradual restrictions of automobile traffic;
- less concrete; more green spaces;
- decentralized decision-making procedures.

Leopold Gratz started going along with these old demands by the Young Socialists (and the Vienna Program) in the nick of time, just prior to next Saturday's Vienna Province SPÖe Party Conference. Critics within the party nevertheless predict severe altercations concerning Vienna communal politics during the party conference. Chides federal JG chairman Fritz Edlinger: "What Gratz is coming up with are not the wrong policies--they are no policies at all."

On the occasion of the International Socialist Youth Conference the Jusos were especially aware last weekend of the time when Vienna communal politics were at their brightest: the year 1929, when 50,000 youths from all over the world made a pilgrimage to Vienna to attend the First International Socialist Youth Congress and the city was a Red Mecca. The city at that time set an example for communal housing projects as well as for social and cultural achievements.

While this time the Viennese Jusos were able to present to their guests Kreisky's "Austrian Way," they played a game of hide and seek when it came to the presentation of Viennese communal politics. Shamefacedly they retreated to the 1920s' Karl-Marx-Hof for the communal housing project festival, to avoid having to show the visitors the racetrack area or the Grossfeld housing development.

Says JG head Fritz Edlinger: "On balance, these are bad communal politics. We will show up at the Land party conference; but I am certain that even the party veterans will not hold back with their criticism. It would be grotesque and macabre if the province party conference confronted this situation without voicing considerable criticism."

Up to the present, the ideologically bankrupt party bureaucrats had always countered the young members' complaints with repressive measures:

- The Jusos of Vienna's Hietzing district, who had demonstrated against city super highway B222 (Floetzersteig extension) and who had strongly agitated against the

party bigwigs and their understanding of technocrat politics were evicted from their district meeting room which the party had placed at their disposal;

--the same reaction came from district party headquarters in Vienna-Donaustadt, when their local Jusos denounced the streetcar fare increases: the party evicted them and threatened SJ district chairman Thomas Kutalek with expulsion from the party.

--the Jusos of Vienna-Simmering argued with the party leadership about the Moedling-Vienna autobahn. The Socialist Youth district chairman, Petra Tichlar, and the Young Generation district chief, Andreas Schwarze (who now is the chairman of the Vienna JG) were removed from the party's district boards.

--In Vienna's 15th District, the district party bosses also evicted their Socialist Youth critics from the party-owned meeting rooms, allegedly for nonpayment of rent. In the Federal provinces as well, party pragmatists counter criticism by youthful party members with repression rather than discussion:

--Pritz Auer, Young Generation district chairman, is a victim of Styrian Metaller chief and AK president Franz Illeschitz, whom Federal JG Chairman Pritz Edlinger calls "one of the party's most hard-nosed Stalinists." Auer, who is also the AK press secretary, acted as press representative of a student newspaper of the Otto-Moebe trade school, which made fun of union and AK bigwigs. Auer was punished for not having censured the paper: he was demoted from department head of the workers' chamber to subordinate contributor. (The Otto-Moebe School used the newspaper columns when its director, Nationalrat Deputy Rupert Gmoser was fired because of his embarrassing criticisms.)

--The director of the Linz Karl-Renner-Institute, Alois Stabauer, had cosigned with Upper Austria's Youth Catholic Workers an open letter to Chancellor Kreisky, condemning Austrian arms exports. He was thereupon fired by the province party, even though as director of the institute he was an employee of the central party organization. While Chancellor Kreisky and Central Party Secretary Blecha, who are much more moderate in dealing with intraparty critics, had revoked the dismissal, the party's continued harrassment finally caused Stabauer to throw in the towel.

--In Theodor Kery's Burgenland province the SPOe has no Young Generation at all, and Socialist Youth has long since been silenced.

Says JG Federal Chairman Michael Haeupl: "The stronger a political position is taken, the more repression is encountered."

There has always been repression. Former SJL member and present Nationalrat deputy Edgar Schranz remembers: "In our day there was even less "latitude" within the party, as Cap called it at the party congress. We used to be put down even more severely." There had always been a certain generation gap within the party; the young members were always more radical, less inclined to compromise and more impatient than their fathers. Not being responsible for a firm policy line and not being concerned with day-to-day politics, it was easy for them to proclaim pure doctrine.

Nevertheless, sensitive observers claim to discern new qualities in the critical attitude of today's young party members. Social empiricist Ernst Gehmacher fully agrees with the opinion expressed by Brigitte Ederer, Deputy Chairman of the Federal Council of Socialist Youth: "There is within the party a deep ideological conflict."

Unlike the old socialists, who experienced hard times, the young ones were born into prosperity. While old fighters like OeGB boss Anton Benya or National Bank President Heinz Kienzl witnessed the rise of the working class from practically nothing to a condition of considerable material well-being, this evolution is almost completely lost on the young members.

And because the working class has prospered along with industrial development and economic growth, people like Benya still cling to their industrial fetish and consider it sacrilegious for the young ones to be questioning it: "We have achieved all this by the sweat of our brows, and now you brats of prosperity want to gamble with it all, even when it risks the possible loss of jobs."

Meanwhile, there is a growing feeling of skepticism worldwide, and not only among young people, about present-day economic management. They see a threat to life on the entire planet in the industrialized countries' undeterred continuous drive for expansion. To them, the insatiable acquisitive urge represents an increasingly brutal and life-threatening situation worldwide. They feel engulfed in an ever-tightening cold grip: "The old ones suffered material hardships; we are increasingly suffering from hardships of the soul."

As hardly ever before, youth describes a comprehensive picture of its creed, as if cataclysm were to strike the day after tomorrow. No matter whether it is nuclear power, arms production or the increasing chemical pollution of the earth—for them these are always the same symbols of an existence which they do not wish to see continuing. They are much less worried about nuclear power stations per se than about entering a path of no return. Says Brigitte Ederer: "After us the deluge—a typically capitalistic attitude on energy. For us this signifies a very specific development, the crossing of a definite threshold. People like Benya and Kienzl are unable to understand this."

And just because some of the veterans show no understanding whatever for these thoughts, the young people lose any inclination to absolute loyalty. In view of all that has occurred, SP Club Chairman Heinz Fischer recognizes this as a new category within this difference of opinion: "There have always been conflicts with the party. For the young people it has always been something of a political sporting ambition to maintain it. In our time too the party was not socialistic enough, not radical enough; we were concerned with speed and thoroughness, but there never was any question about party loyalty."

Up until the Kreisky era the situation of the Austrian social democracy was different: even within the coalition the SPOe somehow considered itself in opposition to a bourgeois-dominated state. Under what Fischer calls "government socialism" and the simultaneous decline of the formerly dominant OeVP this borderline has been increasingly displaced. Opposition grew within the party itself.

Even during the early days of the Neinsky era Socialist Youth was seen as a "ping pong club" and the Youth Generation as "election campaign aides." During the years of the SP government the socialist youth organizations became increasingly politicized. Today they detect tendencies within their own as well as within international social democracy which historically social democracy has always been against and which they therefore want to be against also.

An examination of the Vienna of the period between the World Wars during the International Socialist Youth Congress was no accident: at that time, social democracy was an alternative movement. With its Friends of Nature movement, it provided the first ecological insight in history; with its Friends of Children, new educational policies; it created new types of housing for the working class and human dignity for its children.

Today's young party members appear to have more in common with their grandfathers than they do with their fathers.

9273
CSO: 3103/349

SCHMIDT'S PRECONDITIONS DISCOURAGE MEETING WITH HONECKER

Bonn DIE WELT in German 19 Jun 81 p 1

(Report by Hans-R. Karutz, datelined Berlin: "Schmidt in no Hurry About Honecker")

(Text) Federal Chancellor Helmut Schmidt wishes to make a possible working visit with GDR Council of State Chairman Erich Honecker dependent on the fulfillment of specific preconditions. Already in the preparatory stage of such a trip East Berlin would have to be ready to annul the inclusion (ordered on 13 October 1980) of children, juveniles and pensioners in the compulsory exchange.

According to Senate and government spokesmen the Federal Government definitely refuses to give up carrying its concepts with regard to the "social element" in this matter. There tends to be considerable skepticism if not pessimism as to the likelihood of an early meeting as mentioned for discussion only by State Minister Gunter Muonker only a few days ago. Well informed circles comment: "The impression that the chancellor actually urges such a meeting is totally incorrect. After all we are not supplicants!"

Any semblance of Bonn's importuning a meeting would be entirely amiss also because the chancellor's postponed visit to the GDR could not occur without Leonid Brezhnev's prior visit to Bonn. Brezhnev's possible cancellation--recently hinted at by the Kremlin--would be bound at least for the time being to close the chancellery file headed "Honecker visit."

The state of suspense in inner-German relations has existed since the GDR leadership persisted in gearing itself to intervention in Poland by the Warsaw Pact countries. An experienced Berlin politician described East Berlin's wait-and-see attitude in these words: "Contacts with the West and the FRG as close as necessary and at the same time demarcation as far as possible." In parallel efforts the Federal Government seeks to implement its watchword of "stepping forward." That is to be done with respect to six topics:

-- At the end of the year the swing agreement on 850 million accounting units, concluded late in 1974, is coming to an end. East Berlin desires a new agreement involving at least the same amount. In view of the current financial situation the Bundesbank has strong reservations against this interest free overdraft. On the other hand 6,000 firms in the Federal Republic, 70 percent of them medium sized, live almost exclusively off inner-German trade.

-- West Berlin's intra-urban electric railroad is to be taken into Western management as much as possible, by way of a type of leasing. The relevant negotiations will take at least 3 years, more likely 5.

-- Discussions about a science agreement may be resumed in the fall. The complex "erra desalination" is not at the moment making any progress due to the expensive expert opinions required, which are supposed to be paid by Bonn.

-- The DM50 million paid by the GDR for blocked account transfers to Western retirees (DM200 every 3 months) are near exhausted. The money flow has slowed to a mere trickle.

From Bonn's standpoint the only redeeming feature in the inner-German gloom was the irreproachable observance of FRG interests by the Japanese on the occasion of Honecker's visit to Japan. Despite strenuous efforts the GDR did not obtain recognition of its citizenship.

Bonn also welcomes the GDR's restrained reaction to the election of Richard Weizsaecker as governing mayor of Berlin.

11698
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CDU/CSU, GREENS PROFIT FROM SPD/FDP LOSSES

Allensbach ALLENSBACHER BERICHTE in German No 12, 1981 pp 1-3

[Report: "SPD Losses Since the Bundestag Election Now Amount to 6 Percent--Even Young Voters Now Prefer the Union to the SPD"]

[Text] Allensbach/Bodensee, Early June 1981--For several months now opinion polls have indicated that the Social Democratic Party of Germany has been slipping. The most recent Allensbach analysis of data gathered from the middle of April to the middle of May 1981 put the SPD exactly 6 percent below the vote it obtained in the Bundestag elections: a reduction from 42.9 percent to 36.9 percent.

Unlike in prior years, the FDP has not profited from the losses sustained by its Bonn coalition partner. After its initial stability, it now has a 9.1-percent share of the votes. Those who have deserted the SPD have therefore not remained faithful to the coalition: a minority have gone over to the "Greens," but the majority to the Bonn opposition. For the first time since the spring of 1978, the CDU and the CSU have again crossed the 50-percent line. Their 50.2 percent share of the votes places them a solid 4 percent ahead of the two governing parties and 13 percent ahead of their main rival, the SPD.

In this most recent development of the position of the parties, the voting intentions of the young voters are significant. During the Bundestag election and in the 2 months immediately following, the SPD had an unequivocally dominant position among the voting group aged 18-29 and led the Union parties by more than 20 percent. Since the first days of 1981 this distance has steadily decreased. In May 1981 the Union succeeded in getting ahead of the SPD even with this normally difficult age group by a margin of 41 to 37 percent. In addition, there are incalculable gains which have accrued to the "Greens" in the last 9 months since the elections as a result of the SPD's fading attractiveness. With a 3.1-percent share of the voting population, one out of every ten young voters would vote for the "Greens" at this time.

Technical Publication Data

Number of Persons Interviewed:	about 2,000
Area and Population Represented:	FRG except West Berlin; ages 18 and over
Polling Period:	14 April-13 May 1981
Number of Interviewers:	374
Archival File Numbers of Questions:	3095; for the trend: 3089-3094.

Bis 1980 der Partei(en) ... (2)

(1) Tabelle 1
Bundesgebiet ohne West-Berlin
Wahlberechtigte Bevölkerung

- bei den Wahlberechtigten insgesamt (3)

- bei den 18 - 29 Jährigen (4)

FRAGE: "Wenn schon am nächsten Sonntag wieder Bundestagswahl wäre; welche Partei würden Sie dann wählen?" (5)

Wahlberechtigte Bevölkerung insgesamt (6)						18 - 29 Jährige (7)					
CDU/CSU	SPD	F.D.P.	Grüne	Andere Parteien (8)		CDU/CSU	SPD	F.D.P.	Grüne	Andere Parteien	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1980, Bundestagswahl vom (10)											
(11) 5. Oktober (Vorstellungen)	44,5 ...	42,9 ...	10,6 ...	1,5 ...	0,5	(Anteiliges Wahlergebnis, für 18- bis 29-Jährige nicht ausgewiesen) (12)	31	34	10	5	x*)
15. + 26. Oktober	45,0 ...	43,6 ...	9,7 ...	1,5 ...	0,7*		32	48	11	8	1
31. Okt. + 1. Nov.	46,2 ...	40,4 ...	10,3 ...	2,3 ...	0,4		39	50	10	7	1
29. Nov. + 6. Dez.	46,1 ...	39,3 ...	11,3 ...	2,3 ...	1,0		32	50	11	7	1
1981, 19. + 20. Januar	46,4 ...	39,7 ...	10,1 ...	2,6 ...	1,0		32	50	11	7	1
7. + 19. Februar	46,4 ...	39,5 ...	9,9 ...	2,7 ...	0,6		33	48	11	7	1
14. + 25. März	45,4 ...	36,8 ...	10,2 ...	3,4 ...	0,6		37	41	12	9	1
11. April + 13. Mai	50,2 ...	36,9 ...	9,1 ...	3,1 ...	0,7		41	37	11	10	1

*) Betragsergebnisse, jeweils 100 Prozent (13)

x bedeutet weniger als 0,5 Prozent (14)

Key:

1. Table 1--FRG except West Berlin; Registered Voters
2. Prospects for the different parties:
3. --among the total voting population
4. --among the 18-29 year age group
5. Question: "If there were to be another Bundestag election next Sunday, for which party would you vote?"
6. Total registered voting population
7. Age group 18-29
8. "Greens"
9. Other parties
10. 1980, Bundestag election dated...
11. Second vote [of 2 votes per voter]
12. Official election result, not calculated for 18-29 year olds
13. *) Polling results, 100 percent in each case
14. x = less than 0.5 percent

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CSO: 3103/348

KIEL SPD OPPOSES BONN ON NATO ARMS DECISION

Bonn DIE WELT in German 30 Jun 81 p 1

Article by DW: "Kiel SPD Turns Against Bonn"

Text The Schleswig-Holstein SPD presidium yesterday came out against the NATO modernization decision. Land chairman Guenter Jansen called on the party at the national level to pass a new resolution favoring efforts to enter negotiations and at the same time condemning the modernization scheme as a "disastrous knee-jerk reaction."

Jansen emphasized that that part of NATO's dual decision "which is being viewed as a threat" must be neutralized. Unilateral disarmament does not automatically lead to a loss of one's own security, he held.

In Bonn, SPD chairman Willy Brandt criticized last weekend's decisions at the young socialists' congress. "There are things the party simply will not stand for," Brandt said. Even taking the emotional atmosphere of such a congress into account, some of the attacks on chancellor Helmut Schmidt and the minister president of Hesse, Holger Boerner are "totally inexcusable," he added. The SPD youth organization had reached a "dead end" and was not reaching a sufficiently large segment of the young working class population.

He had asked himself several times at the young socialist congress, he said, whom this organization considers its enemies to be. There had been no indication of a controversy with the CDU and its young union. Instead, there had been attacks against the SPD. In some cases, there were no new impulses being received from society-at-large; old position papers were made the basis of resolutions.

As party manager Peter Glotz had stated over the Deutschlandfunk, Brandt announced that more attention would henceforth be paid to the young socialists and to youth work at all levels. As early as next week, the young socialists' presidium is likely to be told by the SPD leadership just how far they are to go with their criticism.

Following a wide-ranging debate of the SPD presidium, it was decided to forgo for the present any measures by the party against its own youth organization. Brandt's deputy Wischniewski and Boerner, however, are said to have urged cutting the young socialists' funds and once more applying the memorandum of understanding more strictly according to which public statements by the young socialists must first be cleared by the party leadership. Rau, Bahr and Glotz, on the other hand, are said to have considered such measures as being counter-productive.

9478
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SPD WOMEN JOIN ARMS OPPOSITION GROUPS

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 19 Jun 81 pp 1 & 2

/Text/ In the past 2 days SPD internal resistance to the NATO resolution on missile installation has gained even greater strength. The SPD women joined the growing group of arms modernization opponents in the party. By a large majority the AsF Study Group of Social Democratic Women federal conference requested Federal Chancellor Helmut Schmidt (SPD), the party executive committee and the SPD Bundestag fraction "immediately to rescind" the NATO resolution on the emplacement of new medium range weapons in Europe. At the same time the delegates advocated negotiations on the limitation of Euro strategic weapons systems in Europe and demanded participation in these negotiations by the European countries as "independent and equal negotiating partners."

Another motion lent support to the demand for the creation of a nuclear free zone in Europe as advocated by the SPD in its 1959 plan for Germany, and the party was asked "to restore its damaged credibility as the party of peace." In the course of the debate Lower Saxon Provincial Assembly deputy Inge Wettig-Danielmeier, elected last Tuesday to be the new AsF federal chairperson, said that the motions were designed to assist the Federal Government in its negotiations "against the hawks in Germany and the United States."

Before all this SPD federal executive secretary Peter Glotz tried in vain to prevent the antimodernization resolution. He asked members to first wait and see whether, as the result of the NATO dual resolution, the negotiations on arms limitation provided for therein in addition to arms modernization would in fact materialize. Karsten Voigt, foreign affairs expert of the SPD Bundestag fraction, appealed for the preservation of the SPD's ability to govern.

North Rhine-Westphalian Young Socialists consider a "slap in the face of the party" the so-called "guiding motion" of the SPD Land executive for the Land party congress to be held in Cologne on 27 June. On just 1½ pages this motion supports the Federal Government's peace and defense policy without any reservations whatever. At a press conference in Duesseldorf Juso /Young Socialist/ Land chairperson Heike Peters announced that her organization would approve this motion by the SPD leadership neither in this "nor any shape or form amended only in a few minor particulars." The Jusos accused the SPD Land executive headed by Premier Johannes Rau of having produced "frightening platitudes" which were not at all appropriate to the seriousness required for any SPD discussion about peace. The main concern at the Land party

congress discussion on peace could not possibly be the issue whether North Rhine-Westphalian Social Democrats were "loyal to the chancellor." Heike Peters said: "Such a discussion would be disastrous." Instead the SPD would at last have to begin debating unilateral disarmament so as to secure peace.

Berlin Young Socialists sharply criticized as attempted blackmail Chancellor Schmidt's threat to resign, uttered in connection with the internal party discussion of the NATO dual resolution. A resolution adopted unanimously at a Juso Land delegate conference said that Schmidt's aim had been, by way of this "massive attempt at disciplinary action," to obtain the isolation and denigration of the growing peace movement within the SPD. Schmidt's statement represented interference in the opinion forming process in the SPD and contradicted internal party democracy.

It was not the opponents of the NATO resolution, who endangered the social-liberal coalition in Bonn, it was Schmidt himself by linking the dual resolution with his tenure of the chancellor's office.

Schmidt's attitude in the discussion of the NATO modernization resolution has met with more serious criticism from a SPD Bundestag deputy. In an interview with the TAGESZEITUNG Gerhard Schroeder, former federal chairman of the Young Socialists, reproached Schmidt of building up "mythical threats" with regard to Soviet policy. That was a dangerous proceeding also because the feeling "the Russians may invade tomorrow" might injure the SPD in the medium term.

Schroeder described as the only chance of a policy appropriate to the FRG's national interests "within the alliance to make a stand against the Americans with other West European countries." The SPD should not fail to understand "that it is part of American strategy by way of a confrontation policy, necessarily followed by the expansion of defense budgets, to weaken the social-liberal coalition from the inside."

11698
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PEACE MOVEMENT LINKED TO ANTI-AMERICANISM

Munich SUEDDEUTSCHE ZEITUNG in German 20/21 Jun 81

/Article by Dieter Schroeder: "The Abominable Fashion of Anti-Americanism"

/Text/ Uncle Sam, that prototype of the smart businessman, the boastful and crafty yet naive Yankee, has long been dropped from the cartoons; for a time he was replaced by the stereotype of the "ugly American" who--raised in abundance--failed to understand poor peoples and actually outraged them by his ostentatiousness. Since Carter and Reagan many Europeans have no longer needed a negative symbol to give free rein to their feelings of superiority over the Americans. It was enough to apostrophe Carter the "peanut farmer" to immediately hold up to ridicule the alleged political incompetence of the man; it is now enough to call Reagan a cowboy to bring to mind the image of a man who is incapable of any insight regarding complex international connections and simply shoots straight from the hip.

Anti-Americanism is almost as old as the United States. True, Goethe greeted the young nation with some respect, but this was tinged with arrogance. For European intellectuals the French Revolution was a far more important event than the Declaration of Independence of the British colony across the Atlantic. German Romantics already cherished the stereotype still prevailing among anti-Americans, the prejudice against Americans as beings who are materialistic, obtuse and uneducated. Even Heinrich Heine, normally sensitive and freedom loving, mocked German emigrants: "You good German peasants, do go to America! There they have neither princes nor nobles, all men are equal, all equal boors..." Though, at the time, he himself was already an emigre in Paris, it did not occur to him that many who left for America were attracted not by the prospect of greater profits but by the hope of greater freedom in the promised land.

Accusations by Left Radicals

The sentiment of cultural superiority is widespread even now. Whether they are called Hochhuth or Grass, Frisch or Duerrenmatt--European, and especially German speaking intellectuals have a hard time accepting America. In his book "Das Ende des Ideologischen Zeitalters" /The end of the Ideological Era/, Peter Bender opines that Europeans must defend themselves "culturally" against America--"not against civilizing superiority (as many Americans think) but against civilizing demagogic." Forgotten is the postwar era when, for some time, America was the promised land once more, the country which liberated us from fascism, kept us alive by Care

packages and the Marshall Plan, and finally assumed our defense against threats from Soviet Communism.

Since the Vietnam War and the student rebellion in the late 1960's cultural anti-Americanism has become inextricably linked to political anti-Americanism. Now it is America which must put up with being called fascist by German intellectuals. This ideologically tinged anti-Americanism is mainly a matter of left radicalism, but it is copied to some extent by the liberal media also. America is told that it has come to the end of its dream of a freer and better life; it is described as a sick society.

European arrogance has been joined by European self-righteousness. America's dark side is exposed, Europe's repressed or forgotten. America now signifies racism, violence, poverty behind the facade of abundance, lack of social security, decay of the inner cities, drug addiction and criminal ignorance.

Still, until recently anti-Americanism was confined to small groups. Now, in Federal Chancellor Schmidt's words, it has become the "abominable fashion." The reason for this is the fact that a supplement has been found to arrogance and self-righteousness: European anxiety. The so-called peace movement--Americans talk of "pacifist and neutralist" currents in Europe--spreads Americanism in larger and larger circles. America, despised for its "superficial civilization" and now deprived of its role as the defender of freedom, appears as the troublemaker, the "imperialist power" assailed by the left since the Vietnam War.

East-West Conflict Repressed

The causes are many and varied. At least among the young the anticomunism of the postwar era has ceased to exist. Neither left nor Christian nor Green pacifists are scared of contacts with communists in the peace movement. Naively these latter are assumed to fight for the same noble goals. These peace fighters keep their distance from the United States as well as from the Soviet Union. Both are held to be imperialist powers. A year ago, after the Soviet invasion of Afghanistan, Guenter Grass spoke for the pacifists, writing to Federal Chancellor Schmidt that since the Vietnam War Washington had lost any right to launch moral appeals, that the limits of loyalty to the alliance were reached whenever peace was threatened. It was not the Soviets who constituted a threat to peace by their invasion of Afghanistan, it was the Americans calling for Moscow's punishment. Their present arguments are similar: Not only the Russians are threatening peace by installing SS-20 missiles, the United States are a worse danger by their stubborn insistence on modernization. Unless Europe is to become the nuclear hostage of the United States or even the hostage of both superpowers, it will have to keep out of a conflict which does not concern it.

The wish to repress the East-West conflict is fueled by the fear that Europe could be dragged from its cozy corner. It is that Reagan must not be allowed to destroy detente or what of detente the Soviets have left standing. In fact the Europeans, and especially the Germans, have most to lose should detente be finally buried. That, though, does not explain why the Americans are made the principal scapegoat, even taking into account the anger about Reagan's bellicose words and

the anxiety about the goals of American foreign policy. Some irrational elements are mixed in on the part of the arms opponents, and these help explain their intolerance toward Washington and Bonn policies.

Dangerous Undertones

Common to the left, Christians and "Greens" is the dislike of the performance society, the protagonist of which is the United States as the chief capitalist power, and also anger about the fact that increased defense spending is to be offset by cuts in social services. The rearmament spiral has been with us for some considerable time, it was barely noticed as long as it was not accompanied by expulsion from the social paradise. Now it is judged to be the fall from grace.

The anti-American undertones of the peace movement are not without danger to German and European politics. They deepen the chasm between the United States and Europe. America was just about able to save from Hitler a Europe which had believed it was secure by the mere fact of longing for peace. Should a historical parallel emerge in our future, a subsequent salvage attempt would come too late.

11698
CSO: 3103/352

VISITS TO EAST BERLIN, GDR DECLINE OVER CURRENCY CHANGE RULE

Frankfurt FRANKFURTER ALLGEMEINE in German 4 Jul 81 p 4

Article by Ws: "Rise in Mandatory Exchange Minimum Puts Brakes on West Berliners' Desire to Travel"

Text The volume of travel of West Berliners to East Berlin and the GDR between 1 June 1980 and 31 May 1981 reached its lowest level since the conclusion of the 4-power agreement on 3 June 1972 and the regulations governing travel and visits to Berlin connected with it. In its annual report to the chamber of deputies "on the execution of the 4-power agreement and its supplementary provisions," the Berlin Senat stated that the number of trips taken by West Berliners during the abovementioned period totaled a mere 2.13 million. Over the past 8 preceding years, the number of trips taken between 1 June and 31 May had totaled three million. The only exception was the period between 1 June 1974 and 31 May 1975 when the total stood at 2.71 million.

The reasons for the dramatic decline were the same then as they are now: the drastic rise in the mandatory minimum exchange rules and the inclusion of retirees and young people among those affected by the new rules. In 1974/75, the FRG government succeeded in getting the GDR partially to revoke its decision. At present, there is little hope of achieving this objective. Here is what the Senat report has to say about the drastic rise in the exchange requirement and its extension as of 13 October 1980: "This unsocial measure on the part of the GDR has a particularly deleterious effect on the Berliners; it is an obvious violation of the provisions governing the regulations on travel and visits." The action, it is said, has adversely affected the positive developments of the past several years and has become the most important problem affecting Berlin travel and visitor traffic. According to the Senat, one-day visits by West Berliners to East Berlin and the GDR have declined by about 53 percent since 13 October 1980 with visits lasting several days declining by 42 percent. (The relationship between one-day visits and those lasting several days is 81 to 19 percent.)

Speaking on behalf of the city government, Lord Mayor von Weizsaecker told the chamber of deputies last Thursday: "The rise and extension of the minimum exchange requirement continues to constitute a serious burden on existing relations. For those particularly affected --the retirees, children and young people-- this action comes as a massive violation of social principles. The Senat , in conjunction with the federal government, is looking for a remedy soon."

Aside from the rise in the minimum exchange provisions, the Senat also has cause for worry as a result of GDR refusals to grant entry visas. Since the 4-power agreement and the regulations on travel and visits to Berlin went into effect, the GDR authorities have refused entry visas to West Berliners in 4,299 instances. In 1,433 of these, the Senat report says, the GDR had a right to refuse entry on the basis "of an oral statement by state secretary Kohrt" because the individuals concerned had previously violated GDR laws. 35 cases are still under investigation by the Senate. As part of the discussions between the visitors' representatives of both sides, the Senat has asked the GDR to review its decision regarding 2,831 cases. But the entry visa ban was lifted in only 268 instances. 2,563 cases are still pending. Most of these are individuals who have moved from the GDR to West Berlin during the past few years or who have been named by relatives or friends in the GDR as sponsors in their applications for an exit visa. With regard to the refusal of entry permits, the Senat report states, the GDR position remains "rigid and unchanged." The GDR is said to base its refusal to show cause in individual instances on the principle of national sovereignty. Those refusals to grant entry visas which are not covered by "oral statements by state secretary Kohrt" and which have increasingly been resorted to by the GDR since January 1977 are considered in violation of the travel and visitor provisions by the Senat .

During the 9 years since the 4-power agreement went into effect, a total of 232 West Berliners who went to East Berlin and the GDR under the travel and visitor provisions were arrested on the other side. Of these, 17 are still behind bars: five for helping refugees and 12 for a variety of other offenses, such as traffic violations or customs and currency matters. Between 1 June 1980 and 31 May 1981, eight West Berliners were arrested while visiting the East: one for helping refugees and seven for other offenses. This figure is lower than it was during 1979-1980; during that period 22 West Berliners were arrested while visiting the GDR and East Berlin.

9478
CSO: 3103/358

CPSU DELEGATES ACTED TO PREVENT SPLIT AT PCP CONGRESS

Helsinki SUOMEN KUVALEHTI in Finnish 5 Jun 81 pp 48-49

(Article: "The Future of the Finnish Communist Party")

[Text] The 19th Congress of the Finnish Communist Party was a turning point in the party's history and in Finland's political life in general. The experts are unanimous about this in their post-congress evaluations.

Even though the conspiracy behind the scenes did not this time result in the purging of party leaders, it clearly demonstrated that the Communist Party's traditional "centralism" is no longer in effect. There is no return to the past.

The chief goal of the conspiracy movement was the elimination of Taisto Sinisalo. In order to achieve this, the party was also prepared to sacrifice Aarne Saarinen. But in the course of the meeting it became clear that the dropping of Sinisalo -- even together with Saarinen -- would have resulted in the departure of the whole Taistoite faction. During the whole time of the meeting a hall was reserved for the possible, parallel meeting of the Taistoite faction. The result would have been the splitting of the party.

From the point of view of the Soviet Communist Party such a result would have been the worst alternative. The fact that it would have had to maintain relations with two competing communist parties would have required it to make intolerable choices. Therefore, the representatives of the CPSU worked diligently to save the dual leadership of the Finnish Communist Party.

However, experts consider it only to be a question of time before the leadership will eventually have to be changed. This was also predicted by Chairman Aarne Saarinen last weekend in an interview granted to HELSINKIN SANOMAT, in which he announced that he will resign from his position in the middle of his term or after 2 years. He also disclosed the name of his successor, Arvo Halto.

The new composition of the Central Committee is already in itself an indication of a change in the party's nature. The average age of its 50 members is now 44. Aarne Saarinen himself is overwhelmingly the oldest. The next oldest is Chief Editor Urho Jokinen of the Taistoite TIEDONANTAJA, who is 57 years old. All the rest belong to that age group which was not even old enough for military service in the last war. Those who operated in the underground, the forest guards, and

former inmates of hard labor camps have gone into retirement. The new generation of Communists has grown up in the spirit of parliamentary democracy, in a Finnish welfare society.

And what about the future? Experts answer that the struggle for changing the party leadership will continue without interruption and that the SKDL [Finnish Peoples Democratic League] will strive to remain in the government with the Social Democratic Party and the Center Party. It is assumed that the split in the PCP will continue while the SKDL's socialists will also emphasize a more visibly independent line. And the Communists themselves seem to believe that the downward trend in SKDL support will continue.

10576
CSO: 3107/109

CHRISTIAN PEOPLE'S PARTY CONGRESS: DIRECTLY ELECT PRESIDENT

Helsinki HELSINKIN SANOMAT in Finnish 13 Jun 81 p 7

(Article: "Christian League Leadership Stuck in Puijo Elevator")

(Text) Kuopio HELSINKIN SANOMAT--The party leadership of the whole Christian League came close to being stuck in the elevator of Puijo Tower on Friday for the commencement of the party congress. The league's chairmen were on their way to the top of the tower for a lunch being given by the city when the elevator stopped.

There were a total of seven people in the elevator. They had to wait in the elevator for nearly an hour before they were able to open the door with a shaft and hammer. The shaft and the hammer were handled skillfully by Party Secretary Esko Almgren.

"Matters became serious in that there was a lack of air. I was able to open the door just a crack with my fingers so that we could get some air," stated Raino Westerholm.

In addition to Westerholm, Second Chairman Ilmari Helimaki, Third Chairman Impi Huromaa with her husband Pastor Uolevi Huromaa, and representatives of the fraternal parties from Norway and Denmark, Christian Christensen and Gustav Berentsen as well as an interpreter were in the elevator.

"The party was just about to have a new leadership in one fell swoop," joked Westerholm.

However, there will indeed be changes in the party leadership even though it was initially predicted that nothing would change in spite of some preliminary movement. One of the chairmen has announced that he will resign.

"However, it is not Westerholm," stated Party Secretary Almgren, who had to relate the adventures of the party leadership in the tower many times that evening.

"Only I do not understand why the personnel of the tower had to obtain instructions for opening the doors of the elevator all the way from Helsinki," wondered Almgren.

Almgren: President To Be Elected by Popular Vote

In presenting the party's program of principles at the meeting Almgren discussed the presidential question and stated that in the opinion of the Christian League the presidential elections should be changed to a direct popular vote. The Christian League is also prepared to limit the election periods to two.

In reference to government policy Almgren hoped that a policy could be established whereby the principle of exemption or immunity would no longer be allowed. "The party is either in the government or in opposition, and not simultaneously in both."

Almgren was also dissatisfied with the 75-year old election law which in his opinion gives the large parties an unjustified advantage. As long as the old law is in effect, the SKL (Finnish Christian League) must use its only possibility, election alliances. With whom, Almgren did not say.

In unofficial discussions partners in cooperation were considered from the direction of the Center Party. "It is continually losing support," it was said. According to the discussions in the hallways the Conservative Party is, on the other hand, too radicalized. It has also lost its hold on life's basic principles, which the Christians promote unconditionally.

According to Almgren the Christian League would, on the basis of its own principles, offer an excellent means for resolving several such questions which current alternative movements have supported, questions relating to nature and the environment, among other things.

In the activities of the alternative movements the Christians consider it of primary importance that they awaken the consciousness of the decisionmakers and sensitize them so that they would take into consideration views which otherwise would be forgotten in the making of far-reaching decisions. Almgren emphasized in this connection that the country must still be built on law.

According to Almgren the party, which is looking for new policies and paths of operation, needs an educated group of workers. "Piety does not replace expertise, they supplement one another," stated Party Secretary Almgren.

According to the people attending the congress the Christian League has more to tell the Finnish people than issues concerning beer and abortion laws. This is how Christer Boije af Gennas concluded his speech. He also criticized the party membership of weariness.

Spiritual awakening and the adopted attitude toward the question of Israel were the most important issues according to Bjarne Kallis, a candidate for vice chairman from Pohjanmaa.

An Ideological Discussion Society

A society to be named the Olavi Majlander Society is being planned by the Christian League as an arena for discussing spiritual, intellectual, and national awakening.

The idea belongs to Chief Editor Bero Hirvonen of the newspaper KRISTITTY. "We

need a discussion of basic values and a Christian-social awakening," stated Hirvonen.

The purpose of the society is to answer the demands presented by youth and also to discuss those questions which the party leadership does not take into consideration. The Christians want a society similar to the Republic Society of the Center Party. Hirvonen predicts that before long similar societies will be needed along side of the other parties, perhaps even for the Conservative Party.

"Naturally, the society can present ideas with respect to the presidential question, for example," stated Chairman Westerholm. However, he rigidly rejected the idea that the new society is being promoted by the party's leftwing.

"As in all the other parties we also have our own leftwing, but as far as the society is concerned there is no question of a leftwing," stated Westerholm.

Westerholm will not be present at the election meeting beginning on Saturday. He will be obligated to attend the funeral of a close relative. The chairmanship question came as a surprise to the Christian League. No preparations were made for it even at the district level. The election preparation committee began to deliberate the issue on Friday evening at 9:15 pm. There are several candidates.

Even though the Christians are not complacent, they said they will sleep through the night and only then will they comment on the chairmanship question. "We ourselves do not know which way it will turn," stated Westerholm.

10576

CSO: 3107/109

BRIEFS

LIBERAL'S FACTION, SDP--The so-called boom period faction, the opposition group of the Liberals in the 1970's, is raising its head in a shrinking party. The faction, which is concerned about the future of the Liberal Peoples Party, considers cooperation with the left and groups outside of the party to be necessary. By outsiders the faction means environmentalists, among whom there are former and present Liberals in their leadership. The faction complains that the LPP [Liberal Peoples Party] has in recent years dashed any hopes for the future of political liberalism. Speaking at Friday's meeting were the LPP's former minister and MP and Espoo City Council Member Seppo Westerlund, Helsinki City Council Member Pirjo Antvuori, and Youth League Chairman Harri Ruohomaki. Antvuori, among others, criticized the LPP's cooperation with the conservative Center Party at an extraordinary meeting of the party last winter. However, the party meeting approved a stand concerning cooperation with centrist parties. A Commission of the Center, which includes the Center Party, the Liberals, and the Swedish Peoples Party, was established just before May Day. The last local elections represented a defeat for the Liberals. In the previous parliamentary election the Liberal faction lost four seats in the Diet. [Text] (Helsinki HELSINGIN SANOMAT in Finnish 13 Jun 81 p 6] 10576

CSO: 3107/109

BRIEFS

PCI-AKEL ROME TALKS--Rome--A meeting was held yesterday at PCI headquarters between two PCI comrades, Antonio Rubbi, in charge of the central committee's foreign affairs section, and Claudio Ligas, of the international section, and comrade Peonides Panicos, member of the direction of AKEL (working people's progressive party of Cyprus). Comrade Panicos furnished considerable information on the situation in Cyprus and on the prospects now open to AKEL, the island's strongest party, as a result of the excellent showing it made in the [recent] elections. It was agreed to intensify efforts toward achieving territorial and administrative unity in Cyprus and gaining support for its integrity and sovereignty in UN resolutions. Both sides expressed the will to develop relations between the PCI and AKEL.
[Text] [Rome L'UNITA in Italian 17 Jun 81 p 15] 9653

PCI MEMBERSHIP--Rome--On 10 June, the PCI counted 1,677,900 enrollees, according to a statement of the party's direction on the eve of the 21 June elections. This was the outcome of the party's strong political commitments made during the electoral campaign for a democratic solution to the government crisis. Compared with last year, membership has already reached 95.74 percent (lacking 74,233 enrollees to arrive at 100 percent). Eleven federations have either equaled or surpassed their 1980 memberships: Imola, Rimini, Ancona, Macerata, Terni, Ascoli Piceno, Latina, L'Aquila, Chieti, Potenza and Catanzaro. In a communication PCI headquarter's organizing committee has announced the results attained by the federations of Ascoli Piceno and Potenza. During the electoral campaign, the Ascoli federation outstripped its 1980 rolls: 10,623 members with 711 new recruits; with 615 recruits, the Potenza federation numbers 8,905 card carriers (101 percent). The figures show 300 new recruits in the communes affected by the earthquakes, surpassing 100 percent with the aid of the citizens' committee and 68 new recruits. The PCI organizing committee asks all party organizations to intensify their efforts, particularly in the area of proselytizing. The first step urged by its communication refers to the objective approved in the referendum to defend law No 194: in the coming weeks to persuade a great number of women to join the PCI. [Text] [Rome L'UNITA in Italian 19 Jun 81 p 2] 9653

CSO: 3104/307

POSITION OF VAN AGT, DEN UYL IN GOVERNMENT NEGOTIATIONS

Amsterdam ELSEVIER'S MAGAZINE in Dutch 13 Jun 81 pp 19-21

[Report by Dieudonnee ten Berge: "Den Uyl's Fate Seems Sealed"]

[Text] The political fight for the power in the next 4 years really got started this week. In their role of arbiters, Cabinet Informateurs Lubbers and De Koning spent 1½ weeks drawing up the contest rules. Now the bell has rung for the first round of a verbal catch-as-catch-can, also called cabinet formation in the civilized Netherlands. Dieudonnee ten Berge reports from the sidelin¹⁻²

Indeed a true political catch-as-catch-can. ¹ of the participants is planning to show much gentleness toward the others. It is almost certain that there will be victims. Around the Binnenhof no one dares bet any longer on the political future of PvdA [Labor Party] leader Den Uyl. But also Prime Minister and CDA [Christian Democratic Appeal] leader Van Agt will have to do everything in his power to retain his political life. They're after him. A coalition of CDA, PvdA and D'66 [Democrats '66] has nothing to do with warm affection. What the sturdy pitch-man finds so romantic is the getting together of the mayor, the pitch-man and the third-year student, but he still hopes to become mayor later on. Three different worlds with the essential mutual distrust. A great deal will still be required from the inventiveness and arbitration ability of Lubbers and De Koning.

The informateurs have already booked a small success. It was rather easily and obviously accepted that first the possibilities of a PvdA, CDA and D'66 coalition be investigated. For the time being one is putting up with the political curses uttered against the VVD [People's Party for Freedom and Democracy] by the PvdA and D'66. Van Agt doesn't like that, but he can't be choosy right now. At this time he cannot count on D'66's support for the current coalition, and the CDA and VVD together have lost the majority. Moreover, the road now to be taken offers the best opportunity for Van Agt to keep his parliamentary group on one line, and he will badly need that unity in the coming months. Also for his own future.

"A leader other than Van Agt is unthinkable for the new cabinet," said informateur De Koning, who usually expresses himself more directly than his partner Lubbers. And with that, the informateurs have sugarcoated the pill a little for Van Agt. If Den Uyl and Terlouw, while grinding their teeth, must lose the point of the

prime ministership in the coming weeks, that will be a considerable personal triumph for Van Agt.

There's not much else the PvdA can do: in this cabinet formation there are various remnants of 1977 of their own making. One of them is: in 1977 the prime ministership of Den Uyl was inviolable in the eyes of the PvdA (which then had four more seats than the CDA). The CDA resigned itself to that fact. Thus if the PvdA is consistent, it cannot really object to the prime ministership of Van Agt. Furthermore it is not a case of Van Agt being duped if the PvdA and D'66 give away that point already at the beginning of the negotiations. In politics it is not a matter of personal victories, and Van Agt himself will be faced at least once with the question of whether he will indeed be able to fulfill the prime ministership. That will be with regard to the subject: modernization of nuclear arms. "The politically most sensitive point in the negotiations," according to De Koning.

Van Agt is convinced that the Netherlands must allow the placing of those 48 cruise missiles on its territory because otherwise it would seriously weaken the negotiation position of the United States in the disarmament discussions with the Soviet Union. Which would mean a political erosion of NATO and a threatening isolation of the Netherlands, with commercial consequences as well. But at this moment Van Agt is sure of a divided parliamentary group behind him. About 10 CDA members of the chamber in the first instance flatly say no to the placing of new NATO nuclear arms and don't worry about supporting their own negotiator. Even if that were to have consequences for the political future of their leader, Van Agt. "The fact remains that in this country a majority is against the placing of these arms," according to Hans de Boer, once a prominent CDA dissident.

The nuclear arms problems are also one of the moot points of the PvdA. Although that party already had to water down the wine in many areas, it is not quite ready to give in on this point. And especially not as long as it is known that there is division on this point both in the CDA and D'66.

In political The Hague it is thus expected that the problems around nuclear arms will possibly be the breaking point in discussions between CDA, PvdA and D'66. For Van Agt the matter of modernization of nuclear arms will become the touchstone for his political integrity. Convinced that rejection is a bad thing for the Netherlands, he will be faced with the question of whether he is capable of leading a cabinet which in the government accord rejects the placing of those 48 nuclear arms. Moreover, the coupling between the prime ministership of Van Agt and the nuclear arms means a technical disadvantage for the CDA. If Van Agt remains adamant, it would mean a break in the formation resulting in division within the CDA and, moreover, many people might suspect that Van Agt was interested only in personal power.

But not only Van Agt will experience difficulties. In the complicated coalition forming which is so typical of the Dutch polity, no party or party leader escapes an individual share of pain. It troubles the PvdA and D'66 that from motives of principle Van Agt's leadership cannot be circumvented. But the socialists in particular will have to stomach a lot more. The fate of political leader Den Uyl seems sealed. It is unlikely that he will take a seat in a cabinet under Van Agt.

And another 4 years of the Second Chamber is too much of a good thing even for Den Uyl. The nine seats loss of the PvdA also means the loss of the only real leader the PvdA has at this moment. In socialist circles one is considering making Rotterdam Mayor Andre van der Louw minister in the cabinet to be formed. He can gradually take over the political leadership in the PvdA. With the ambitious Max van den Berg on the chairman's seat, the PvdA cannot allow itself a vacuum in the political leadership. Besides Van der Louw, one is also seriously thinking of FNV [Netherlands Trade Unions Federation] Chairman Wim Kok, but for the time being the latter seems to give preference to remaining chief fireman in the badly torn FNV.

The PvdA is not going to give up only a leader, however. A considerable number of program points also have to go. Van Agt has not let any doubt remain on the fact that particularly the socioeconomic policy of his cabinet must be continued to a greater extent. Therein he gets more and more support from various top economists and economic agencies. "Who wants to govern, can join us," according to Van Agt.

Informateurs Lubbers and De Koning already have at their disposal several reports as fat as telephone directories, full of plans to straighten out the Dutch economy. At least 11 agencies have sent their papers to the First Chamber where Lubbers and De Koning have set up their tents for the time being. Wagner, the chairman of the board of directors of Shell, gathered a few realistic people from industry, the trade union movement and economics around him who came up with a report. The Central Economic Commission (top economic advisors of the government) came with the newest figures, and yet another club of top officials conjured up hundreds of pages "for reconsideration of government expenditures." And we haven't even talked about the steady rain of plans from the socialist corner: De Galan, Driehuis, Van der Zwan and the socioeconomic ideas which have to be carried out if the second Den Uyl cabinet should come about. Furthermore, on the side of the FNV and the employers the blueprints for Utopia are ready. The Dutch Bank's President Zijlstra raised an admonishing finger already a few weeks ago. Central Planning Bureau Director Van den Beld did that also. And finally there is the great peacemaker plan of Albeda.

There is a dominant theme in all this economic thinking: the Dutch will have to get back to work again and stop complaining so much. "A change of mentality," say Wagner and his associates, "the sky is no longer the limit," or: "We have priced ourselves out of the honor division," and other pretty comparisons. He who made these remarks a year ago was denounced before the eyes of the nation as "rightist ball," "doomsday thinker" or as someone who wanted to safeguard his own privileged position at the expense of the ill, the aged, invalids and the unemployed. Now even the economic brain of the militant FNV Industrial Union, Piet Vos, says that the solidarity between the employed and the unemployed is in danger if the minimum wage earners are not also prepared to give up a little of their purchasing power.

Thus a voluntary guided wage policy for several years, no shortening of the work-week, but everyone with one's shoulders to the wheel, more and especially better products, but unfortunately a decrease of several percent in the purchasing power, also for the lowest paid. Obligatory retraining, and if one has to travel an hour

to get to one's job, that is no longer a reason simply to reject that job. And other things which will tweak the noses of the honorable employers. The fact that Vos and the socioeconomicists Van der Zwan, Driehuis and De Galan, as well as Van der Doel now realize that we have to go back is evidence of scientific flexibility and social realism. "The worst danger which threatens the union movement," said Van der Zwan during the presentation of the Wagner report, "is that it resigns itself to there being no solution for the unemployment." Or rather: work opportunity is the number one priority. Thus, long live the great national activity. But for that the financing deficit first has to decrease, thus the reports on the desk of the informateurs cry out in chorus. Then interest will fall, investments will increase and work opportunity will also pull up again in the very distressed homebuilding industry. Therefore collective expenditures have to go down. But every percent of less government expenditures already signifies an economization of 21 billion [guilders], thus calculated the Central Economic Commission. However, that could also be possible through the critical reconsideration of the government expenditures. For example, the money wasted in the welfare sector or spilled through support to companies which are in any event condemned to death, could better be spent in really getting people work. The obsession with social problems, led by social scientists who are paid relatively too much and who convince each other of the great wretchedness caused by the bad world yields nothing but even greater feelings of distress.

"We are not so badly off," said Van Agt on one occasion; "we are merely spoiled." The economists, from left to right, now have come to realize that also.

The interesting thing about the plans now on the table of the honorable informateurs is that they are not new at all. In early 1978 the same analysis had already been submitted to the Second Chamber by Van Agt and Andriessen. Andriessen was dropped, and Van Agt was almost keelhauled, also by the one who is now informant: Ruud Lubbers.

"The socioeconomic set of problems is the first area we will occupy ourselves with," said informateur Lubbers during the report of the first week of the formation. It will be quite a job to make a manageable piece of work from all the documents handed in. But the thought behind everything is unanimous. On Saturday 13 June economist Joop den Uyl thus may explain to his party council that in the congress pronouncement "Guarantee of the Purchasing Power for the Minimum Incomes" the escape clause "if possible" now becomes active. For unfortunately it will not be possible. Even the [PvdA's] own economists say that.

"Among us there is a true eagerness to govern," one says in the Second Chamber group of the Labor Party. Also: "Any humility after the recent beating will be good for the party. The slogan with which we went into the elections: 'Things must be done differently and we can do it together' obviously has been rejected by the voters." The socialists are ready for the big job of handing over.

Of the three negotiating parties, D'66 is in the best position for the time being. As to its program, the party is rather close to the CDA. As long as the CDA has most of the say in the negotiations, the majority of the compromises won't be any problem for D'66. Although informateur De Koning estimates the chance of success of the current negotiations "significantly higher than 50 percent," his optimism is by no means shared by everyone. If a break should occur between the CDA and the PvdA, D'66 can show its true face -- whether it is a party which can stand on its own legs, or whether it really needs to hold the hand of the PvdA.

SYRIAN FOREIGN MINISTER CONCLUDES ANKARA VISIT

Istanbul HURRIYET in Turkish 11 Jun 81 pp 1, 17

[Text] Formal discussions between Syria's Deputy Prime Minister and Minister of Foreign Affairs 'Abd al-Halim Khaddam and Turkey's Foreign Minister, İlter Turkmen were concluded yesterday. In the discussions Khaddam recounted from every angle Israel's aggressive and uncompromising behavior and asked that Turkey take a stand against Israel in every international forum, including the United Nations. In replying to this request Turkmen stated that relations between Turkey and Israel had been reduced to a minimum level and said that Syria's request would be "given thorough study."

During the direct talks between Khaddam and Turkmen the visiting minister was formally requested not to permit Armenians dwelling in Syria to work against Turkey, to refuse sanctuary to terrorists committing crimes in Turkey and escaping to Syria and to take various measures to prevent the smuggling of weapons, including those manufactured in Russia, from Syria into Turkey.

The Syrian minister announced that these requests of İlter Turkmen had been noted and would receive full consideration, and further stated that Syria would not permit activities directed against Turkey to be carried on within her borders, and that efforts would be made to see that fugitives from Turkish justice were handed over to Turkey, and said that an agreement to formalize this should be signed in the shortest possible time.

Spokesman for the Foreign Ministry, Ambassador Oktay Iscen, replied to reporters' questions on the subject of the Turkish-Syrian talks as follows:

"Prior to discussions between the Turkish and Syrian delegates a review was made of tension and the international situation in the Middle East.

Mr Khaddam furnished information regarding the behavior of Israel and the situation in Lebanon.

Later the question of bilateral relations was explored. At the same time the question of real estate claims existing between the two countries was discussed and it was resolved to form a joint commission at the earliest opportunity to deliberate on this issue.

The two delegations also resolved to have a joint trade commission established to study bilateral trade relations and questions such as transportation, cultural relations and the prevention of cross-border smuggling.

This is also an important development which gives evidence of developing relations between the two countries."

In reacting positively to the proposal that terrorists who commit crimes in Turkey and escape to Syria should be returned to Turkey Khaddam announced that Syria's Minister of Justice, would be sent to Turkey and that he would be empowered to sign an extradition agreement to cover this matter.

It was disclosed in connection with this proposal that Syria's Minister of Justice Khalid al-Maliki will come to Ankara on 15 June.

Turkmen: Israel is Threatening the Peace

Foreign Minister Turkmen, who has been meeting for two days with Syria's Deputy Prime Minister and Foreign Minister Khaddam on the subject of incidents recently occurring in the Middle East, told HURRIYET, "Israel has no right to take on the duty of policeman in the region or to establish bases. The attack they made against Iraq is in violation of international law. It seriously jeopardizes peace in the region."

The minister assessed Middle East events for HURRIYET.

Turkmen said that the upheaval in Lebanon, the Israeli attack and the Iran-Iraq war were extremely serious problems which were being followed very closely by Turkey in consultation with the Arab countries.

The Foreign Minister stressed the importance for peace in the area of Lebanon's "regaining internal stability and unity," and announced that Khaddam had come directly to Turkey from a meeting in Lebanon and that together the two of them had examined minutely all of the problems facing the region, chief among them that of Lebanon.

Turkmen, touching upon Israel's latest pirate air attack against the Iraqi atomic reactor, said:

"It is our opinion that Israel's attack and her complete disregard for Iraq's territorial integrity constitute a very grave threat to the peace of the area. Israel has no right to assume the duty of a regional policeman. This attack is in violation of international law and seriously threatens regional peace."

Foreign Minister Turkmen added that he had joined together with Syrian Foreign Minister Khaddam in order "to take all manner of measures" to prevent smuggling between the two countries.

9353

CSO: 4654/61

REACTION TO ISRAELI RAID ON IRAQI NUCLEAR REACTOR**Mehmet Barlas Commentary**

Istanbul MILLIYET in Turkish 10 Jun 81 p 1

[Text] Israel's raid on the nuclear plant in Iraq will be the subject of considerable evaluation from the standpoint of international politics. As has been pointed out by the Turkish government yesterday this behavior on the part of Israel constitutes naked aggression.

However there is also a very simple aspect to the incident.

There will be general elections in Israel at the end of this month. Prime Minister Menachem Begin's Likud Party is entering the elections in a rather weak position due to the inflation rate which is averaging 125 percent annually. On the other hand the attacks launched against Lebanon during the past weeks helped Begin's popularity. For example surveys conducted during January were indicating that the Likud Party could take only 28 seats of the 120 in the parliament. The Labor Party of Peres was accorded the chance of winning 58 to 68 seats.

In polls following the attacks on Lebanon, with the consequent tension they aroused, the support for Begin's Likud Party increased his estimated number of seats to 43.

The comments of Israel's daily newspapers following Monday's raid were published yesterday. The press praised the operation to the skies and even those papers favoring the Labor Party applauded Begin.

Consequently as a result of this operation Menachem Begin has once more jolted his opponent Shimon Peres.

Let us say that these events represent the seamy side of Israeli politics.

All right, so what about world opinion and what are the governments concerned doing?

In France the isolation of the left wing from government has ended with the election victory of Mitterrand. But the "Progressive" Mitterrand is planning to tilt France's Middle East policies in favor of Israel.

The policy of the United States has been obvious for years.... For Washington Israel is a necessary extension of its interests in the Middle East.... Washington launched its naval forces in the Mediterranean on maneuvers because of annoyance at Libya's Qadhafi, but approves Israel's attacks by giving arms and also by providing diplomatic support.

At the same time what about Iraq and Syria...? Iraq is the target of the Israeli attack.

But this same Iraq is still at war with Iran.

Syria is agitated by Israel's attacks. But this same Syria is on unfriendly terms with all of her Arab neighbors and, for example, does not approve the dispatch of a common Arab peace keeping force to Lebanon.

Amid all these complications the vote for Begin continues to increase. The world on the other hand is anxiously monitoring these ill conceived developments thinking "what if a war breaks out."

God sent all of the prophets to the Middle East but wisdom and logic did not come into the area in the same measure.

Muntaz Soysal Commentary

Istanbul MILLIYET in Turkish 10 Jun 81 p 2

[Text] This is the answer the Arabs gave to the United States when the latter tried to get them to establish defense mechanisms to protect the Persian Gulf area from the Soviet threat, "The main threat against the area is not from the Soviet Union but from Israel. If you want to do something do something about this issue."

The bombing of the Baghdad plant, 950 kilometers away from Tel Aviv, by Israeli aircraft has emphasized once again how right the people were who held this point of view.

Can you imagine the magnitude of this insolence? One state bombs an installation within the borders of another state giving as rationale, "It was going to be used against us in the future," and announces this to the world with great pride.

Up to now there have been people who could see a certain justification in Israel's forces bombing Palestinian positions in Lebanon, landing on Saida [Sidon] beaches and blowing up installations or raiding Beirut's airport. Attacks against Palestinian forces concentrating next to its borders and infiltrating from time to time could be considered a natural manifestation of Israel's instinct for self defense.

But blowing up Baghdad's atomic plant obliterated all of these excuses. Now Israel is not a state acting out of self defense but one intoxicated with sowing terror in her environment.

If we were to apply the same reasoning to other situations the possible consequences are terrifying.

For example, what if the Soviet Union were to bomb Turkish-American installations arguing that they are intended to be used against her in the future?

Or if we, for example, were to attack the installations in the Limni Islands saying, "These are dangerous to Turkey?"

Or what if the Greeks should attack the amphibious troops in Izmir and Mersin reasoning that, "they are being prepared to be used against us?"

No matter how you look at it it is impossible to reconcile Israel's stated rationale with international law or even with good sense and logic.

But this insolence once again has proven the existence of a double standard that the West applies.

The aircraft which Israel sent to Baghdad in complete disregard of all the rules and regulations are American aircraft. The bombs dropped are also American bombs.

Where are the ones who raised such a furor when Turkey used American arms to enforce the application of an international agreement and to protect people who had no other means of protection from a massacre.

The role Turkey can play becomes obvious at this point. As Turkey is the only Moslem state except Sadat's Egypt which maintains diplomatic relations with Israel, albeit at a very low level, we ought to say to Israel bluntly that we will not approve this kind of dangerous and willful act in this area even though our Western allies remain silent. Turkey does not possess a stock pile of arms which can be made the subject of an embargo, but she still has diplomatic cards to play which can leave Israel in total isolation.

The West which does not hesitate to call upon Ankara when a police force is needed for the Gulf will not be happy to see Turkey joining the caravan which is saying "the main danger is Israel."

Sami Kohen Commentary

Istanbul MILLIVET in Turkish 10 Jun 81 p 5

[Text] The shock waves from Israel's bombing of the atomic plant in Iraq have spread throughout the whole world and made the situation which was already serious totally grim.

Why did the Begin government destroy the nuclear reactor in Iraq all of a sudden?

The reasons for this can be explained as follows:

Iraq had arrived at a position where they were able to produce nuclear arms in the atomic installations which they had constructed near Baghdad for 30 billion T.L. According to Israeli intelligence, Iraq would have been able to produce the first atom bomb this September.

The Iraqi leader, Saddam Hussein, has said in some of his speeches that Israel would be given a necessary lesson when Iraq possesses nuclear power. Iraq is a country which has refused to sign a cease fire agreement and has been in a state of war with Israel for 30 years. Begin, concerned that Israel's security would be endangered if Iraq were to acquire nuclear weapons in the near future, decided, as a "preventive" measure, that the best way of defending this "security" would be to eliminate the plant near Baghdad.

Begin also wanted to gain a political benefit accruing from such an operation on the eve of elections. As a matter of fact some opposition leaders have accused Begin of making some kind of election investment.

While planning this attack the Israeli Prime Minister thought that it would be "comforting" from the standpoint of national security for Iraq not to have nuclear arms for a long time. The prospect that the attack would lead to strong political repercussions and even to some limited retaliatory operations probably was not taken very seriously by Begin. As a matter of fact in his speech yesterday the Israeli Prime Minister made it quite clear that he was not concerned at all over the criticism arising from all sides.

In reality what sorts of developments will the Israeli surprise attack bring?

We can summarize them as follows:

The isolation of Israel in the political arena will increase. Israel this time has gone against her closest friend, the United States, and against the Mitterrand government in France with whom it is trying to develop good relations.

The utilization of arms acquired from the United States in this attack by Israel will lead to a reexamination in Washington of the military aid provided Israel. Already there are people in congress questioning this issue. However the Israeli lobby in congress is powerful and the matter should not go as far as a U.S. arms embargo. Still, from now on the United States will probably be more sensitive on the issue of arms deliveries and will ask better guarantees from Israel.

This incident will promote Pan-Arabic unity which has occasionally been shaky. Even the Arab leaders who do not like Saddam Hussein will line up beside him. The reaction of President Sadat is a good example of this.

The Israeli attack took place at a time when solutions to the Lebanese crisis and the tension between Israel and Syria had been anticipated. Obviously this event will have negative effects on peace efforts.

A similar attack by Iraq on the nuclear installations or military centers of Israel cannot be expected. Israel can defend itself very well militarily. This is probably one of the factors which gave Begin the courage to attack Iraq. However Saddam Hussein will not refrain from taking other measures to harm or annoy Israel. For example it would not be surprising if Palestinian guerrillas were to be brought into the picture.

Begin's concept of "security" leads Israel to engage in acts unacceptable in terms of good sense and logic. The Prime Minister acting on the belief that Arab countries in the future may attack Israel from a stronger position, prefers to carry out some "preventive" attacks. However this approach is prolonging the state of tension and warfare between Arabs and Israel and eliminating the possibility of compromise and agreement. On the other hand "security" is not contingent solely upon gaining military superiority. The fact that a state of war has prevailed in the Middle East for 30 years points this out. Yet it is very difficult to set limits to the definition of "security." Will Begin, following the same rationale, send his phantom to Libya and Pakistan if these nations become owners of nuclear plants?

One of the first requirements for "security" is "mutual trust." Of course it is not at all easy to achieve this trust in an area like the Middle East. It is certainly not to be achieved, however, by continually enlarging the battle lines.

Fahir Armaoglu Commentary

Istanbul TERCUMAN in Turkish 10 Jun 81 p 8

[Text] The bombing of the nuclear reactor under construction near Baghdad by Israeli jets on 7 June brought the Middle East to the threshold of extraordinarily dangerous developments. The infringement of Saudi Arabian air space and bombing of Iraqi soil by Israeli aircraft is a fairly obvious "aggression." If Israel wants to initiate a new Middle East war by this action she should be assured that her wish will be realized. Only not now, perhaps a little later.

Today Israel has become the bully of the Middle East. The architect of this trouble-making policy is Menachem Begin. His recent building policy will bring his Likud bloc which he is leading to victory in the 30 June elections. But will Israel be able to win the Arab-Israeli war of the near future? This is very uncertain.

It is very uncertain because by rejecting a conciliatory policy, which could be more beneficial for herself, and pushing a tough policy Israel is losing prestige on the international scene and is forcing unity upon the Arab world. The growth and development of Arab unity will confront Israel with very serious situations in the future. From now on every serious situation will create new tensions which will reach far beyond Israel in implications.

Israel has started an armament race in the Middle East by the Baghdad bombardment. This race will have two lines. One for conventional arms, the other for nuclear arms. Up until now the West has been prudent and careful in selling arms to the Arabs. But from now on it will have difficulty behaving as before. Because now the Arab world has two cards in its hand. One is oil, the other is Soviet Russia. Opposition by the West to both of these cards will be very difficult, or it will be necessary to cooperate with the Soviet Union to stop the armament race in the region, and this means handing the Middle East over to the Soviets to an important degree.

it is possible to say the same for nuclear armaments as well. From now on oil rich Arab countries will speed up nuclear activities. In reality Israel has not cut off Iraq's arm but only its hair.

The Baghdad bombardment, while placing Egypt and Enver Sadat, the architect of Camp David, in a difficult situation, has facilitated the policy of rapprochement with the Arab world which has been developing in Turkey since last November.

9353

CSO: 4654/23

'ZIONIST' ATTACK ON IRAQI REACTOR SCORED

Istanbul MILLI GAZETE in Turkish 11 Jun 81 pp 1,7

[Text] Zionist Israeli pilots bombed Iraq's nuclear installation the other day using American aircraft. The incident has met with anxiety and hatred in the Islamic nations and in the whole world. Israeli authorities give as rationale for their attack their fear that the nuclear power which was due to go into production in the coming months might be used against Israel.

At the present time two Islamic countries have nuclear installations. One of these is Pakistan and the other is Iraq. The installation in Pakistan has reached the production phase. However attempts have been made through certain speculations, diplomatic demarches and quiet pressures to prevent Pakistan from conducting nuclear experiments. Yet the Zia-ul-Haq government is playing an important role with respect to the stability of this question. Moreover the nation of Pakistan believes that these installations, developing in their own territory and as the common work of the Islamic world, will form a center of gravity with regard to world peace and the world balance of power, and in this belief they have taken on the role of caretaker.

The story of the Iraqi installation goes back into the past a good way. First of all the reactors relating to this project, built according to an agreement with France, were destroyed even before they were loaded on ships as the result of a sabotage operation carried out by agents of Israel. Later, installations under construction in Iraq became the scene of various attacks every now and then, and in the beginning days of the Iran-Iraq war a secret attack operation was organized also employing Israeli aircraft.

The latest attack is an open and preplanned move. In defending it Israel is also threatening the countries which are providing support to Iraq in the field of nuclear technology. This is an open piece of insolence. To view a source of power as legitimate for oneself and as harmful for others to have is a disgusting example of Jewish insolence.

In reality Israel views the installation in Iraq not only as a power belonging to Iraq and a threat to herself, but at the same time as a modern development in an Islamic country which will change the world balance in favor of Islam from the standpoint of the whole world including Israel. Judged in this light this latest attack is not only an abominable aggression against Iraq but an attack aimed at all Moslems.

Nuclear plants can be demolished, however new plants can be built to replace them, even more powerful ones. No one can stop the consciousness of unity which is beginning to take root in the world of Islam, and this consciousness will take strength and vitality from attacks of this sort.

9153
CBO: 4654/41

'MILLIYET'S' BIRAND EYES U.S.-GREEK DEFENSE TIES

Istanbul MILLIYET in Turkish 5 Jun 81 p 9

[Article by M. Ali Birand]

[Text] The most important development at the NATO ministers' meeting in Rome took place during talks between Haig and Greek Minister of Foreign Affairs Mitsotakis. Now reliable news sources are reporting that a U.S.-Greek defense and cooperation agreement is being completed.

But, at what price?

Greece, in the end, obtained the most important of its demands and a specific percentage. During the term of the agreement, America will provide a letter which will state, as did the letter signed by Kissinger in 1976, that America "opposes an armed solution to a Turkish-Greek disagreement and will categorically come out against such a possibility." The Rallis government will sell this letter to the public by calling it "America's assurance in the event of a Turkish attack."

As for the topic of maintaining the 7 to 10 ratio in aid given to Turkey and Greece, Washington will not openly consent to Athens' wish, but, with a "military goods and equipment list" that will be added to the agreement, will demonstrate that it supports a balance of arms in the Aegean.

In fact, neither this letter nor this list has any practical significance other than psychological and other than not giving Papandrasu a trump card prior to the elections.

If a conflict were to break out some day between Turkey and Greece, America will act as it pleases and according to conditions of the time, and the letter signed by Haig will be interpreted in that light.

The entire problem again is related to the general balance of powers that exists at the moment of such an occurrence. As for the list that includes important items such as goods for ground forces, radar planes (the Hawkeye type), and the transfer of American technology to the Greek weapons

industry, this, too, is a document that does not commit Washington in the least in practical terms. Turkey went through the same experiment in 1976. Countless numbers of lists have been added to agreements, but very few have been able to be actualized. The American administration cannot categorically ensure that it will give the arms on the list, and even if it could, everything depends on the policy of the firms that manufacture these arms and that possess this technology, on Congress' feelings, and on hundreds of similar conditions.

Today, Greece is in Turkey's position.

Ankara today undoubtedly feels differently when it recalls the words and guarantees that are now being used to induce Athens to return to the NATO military wing.

Athens now thinks it has won a big prize, but a short while from now, it will notice that absolutely nothing will have changed, and it will certainly become deflated as we did.

If both nations could ignore their feelings and empty internal concepts and psychological influences and could look at relations with America from the standpoint of "real politics," if they could understand how much ground a superpower covers in all its foreign relations, the issue would probably be greatly simplified.

11673
CSO: 4654/16

'MILLIYET'S' BARLAS DISCUSSES NSC DECREE 52

Istanbul MILLIYET in Turkish 5 Jun 81 p 1

[Article by Mehmet Barlas]

[Text] Decision No 52, which bears the signatures of every member of the National Security Council, has attracted the attention, not only of the Turkish people, but of world press and broadcasting organs as well. As a matter of fact, yesterday, the day after this decision was announced, foreign media organizations that have representatives in Turkey were engaged in seeking healthy interpretations.

Our colleagues from the West based their commentary about this decision's reminder that there is a "ban on political activity" on the basic question:

"Does Decision No 52 indicate a hardening in the 12 September administration?"

We must state that it is necessary to answer this question with a "No."

In fact, the decision that has been announced to the public is not a new limitation, but puts into words basic principles that have been repeated ever since the beginning of the "12 September." This is pointed out in the decision in these words:

"Parliament and the government were dissolved by Communiqué No 1 of the National Security Council. Diplomatic immunity of members of parliament was lifted, and martial law was imposed throughout the entire nation. Political party activity was prohibited by National Security Council Communiqué No 7. As stated in the speech made by the National Security Council chairman on 12 September 1980, this edict caused every form of political activity at every level to cease."

As can be seen, Decision No 52 is not a new restriction, but aims to reiterate conditions that were already in effect.

The second question that comes to mind in this situation is, "Why is it deemed necessary to call attention to this now?"

We believe that everyone knows why.

The problems that Turkey is forced to overcome are extremely serious and of great dimensions. There is the outcome of the political cases that are being heard. There is the search for a new form and process and the transition to a new democratic system of government. There are the preparations being made so that conditions will be right and the armed forces can return to their primary duty. And most importantly, there is the creation of the necessary mechanisms so that the future will not resemble the past.

In a world in which multifaceted problems of this type exist, we believe that it is not correct to give much space to unsupported speculation. At the very least, it is not beneficial for the future of the nation or of democracy.

Decision No 52 seeks not severity, but stability. Its purpose is the same as it was on 12 September.

11673
CSO: 4654/16

PURCHASE OF FRENCH MIRAGE 50 JETS PROBABLE

Vienna DIE PRESSE in German 1 Jul 81 p 3

[Article by Georg Possanner: "Austria's Supersonic Aerial Police Force: Only the Mirage 50 is Said to Have All-Weather Capability--The 'Interceptor' Situation Just About Decided"]

[Text] Vienna--From all indications, the Austrians will not have to roost in the "hell of neutrality politics." That was the fate outlined for them by armed forces commander Spannocchi if a supersonic aerial police force should not be available to maintain order in the near future. At last Monday's long anticipated model selection recommendation in the Federal Defense Council, the French Mirage 50 beat out the American F-16-69 by the length of a radar nose. Purchase of the 24 interceptors now depends "only" on the approval of the government, which will have to digest the 8.8 billion schilling plus interest lump, i.e., to finance it.

That decision, expected before the end of the year, will conclude the chapter "interceptors for the Federal Armed Forces," which was recently characterized by a foreign observer as "a political minuet by dancers wearing national costumes." Austrian hotshot test pilots have been testing interceptors produced by the world's most renowned manufacturers since 1974. The Federal Defense Council then took another 2 years to arrive at its unanimous 1976 decision that "for the long run, the procurement of interceptor aircraft is necessary for a comprehensive and credible national defense." From then on, another 5 years will elapse before the aircraft are actually in hand. We have made our decision in favor of the French.

Nevertheless, the old refrain continues to be heard: right now we do not have the money. Those are the words of Finance Minister Salcher; several weeks ago, VP General Secretary Lanner too indicated that those billions would be more useful if spent on job security. In making that statement, he did of course cut the ground out from under his defense spokesman Ermacora, who had suggested the resignation of Defense Minister Roesch because of footdragging in dealing with the interceptor problem. To save face for himself and for the party, Ermacora fought a week-long bitter battle in the Federal Defense Council prior to the model selection decision. For his trouble, his liberal colleague Josseck called him an idiot, but apologized immediately. Only then did Ermacora, an avowed F-16 partisan, vote for the Mirage.

Only four aircraft were still in the running by 1976 on the basis of Austrian specifications: Sweden's Viggen JA 37, France's Mirage F 1 C, Israel's Kfir C 2 and the U.S. F-5-E Tiger. Not until the spring of 1980 and after DIE PRESSE had reported plans for an "Austro-Kfir" was the Israeli aircraft eliminated by an unequivocal thumbs-down from Federal Chancellor Kreisky. The reason given for this decision was that Israel was a state bogged in a war. For practical reasons, Defense Minister Rauch then eliminated Northrop's Tiger--which left only two in the running.

But this situation prevailed for only a short while. France's Dassault-Breguet group then proposed the Mirage 50, a legitimate offspring of the well established Mirage-III-5 family, which had been presented to an awed public for the first time in Melun-Villaroche in April 1979. The experts grumbled that this was an older model compared with the American models which had reached the final round, the F-16-79 and F-16-100 with a more powerful Pratt & Whitney engine; but in the end they made the following statement in their final military evaluation in favor of the French competitor: according to the 1976 specifications, the Mirage 50 was the only competing aircraft incorporating every prerequisite for all-weather capability. Translation: electronic systems usable in zero visibility and independently target-seeking armament.

The Mirage 50 is capable of flying at Mach 2.2, i.e. more than twice the speed of sound, with a ceiling of 18,000 meters. Its wingspread is 8.22 meters, its length 15.56 meters, height 4.5 meters and empty weight with full equipment just over 7 tons. The F-16 is considered superior to it at lower altitudes since it is more maneuverable, but the experts consider the French aircraft better at high altitudes.

As to economic considerations, the final report by the Interceptor Project Office, headed by armed forces chief test pilot Col Josef Bernecker of the General Staff, states laconically that the Mirage 50 is the most cost-effective as to purchase price and cost of operation. The cash price for the system is 5.739 billion schillings; the American F-16-79 would have cost 8.67 billion, which would constitute only about 66 percent of the system cost. Nor were the Americans willing to bear the approximate 20-percent development participation share themselves or to grant credit by the manufacturer. This increased the cost of the American model, which had originally been cheaper; in addition, the dollar had risen by 17 percent, whereas the French franc had decreased in value. Payment is set at 8 annual payments starting in 1984 for a total of 8.8 billion, including about 9 percent interest. This, we are assured, is to come from a "special budget," but in no case from the current military budget. But at this moment nobody knows just where this money is supposed to come from.

The French were much more flexible in their negotiating tactics than their U.S. rivals and until the end made such more specific--and apparently more attractive--compensatory offers.

Both offerors pulled out all the stops. The negotiators from Paris guaranteed compensatory deals of 130 percent of the system cost. In addition, they make hints to [the] Steyr [conglomerate] about a 1.5 billion schilling participation in the

Steyr-Mercedes-Peugeot cross-country vehicle business. The French Army is showing strong interest in the Steyr "Pinzgauer." The Americans on the other hand made a tempting offer of a 7.9 billion compensatory deal, but were very vague as to specifics.

Even when the Americans tried at the last moment to change course for their own benefit by offering a 300-percent compensatory deal in power plant participation and by guaranteeing 1,250 jobs for 10-12 years through industrial contracts, the French beat them once again: an offer from Paris included 600 new jobs for 10 years and an additional 1,200 jobs, indirectly secured by French government contracts for the base of Steyr vehicles. In addition, Swarovski hopes to sell optical equipment for use by the French Army.

The Austrians were further tempted by a French promise for help, free of charge, in the establishment of an aircraft maintenance and repair facility with French participation of up to 5 million francs (about 14 million schillings). Vague promises by the Americans in this area were not competitive. In addition, there were promises of providing Austrian access to the most modern technology and to new markets in the aircraft industry and to furnish preliminary financing of 1 billion for the expansion of the Zeltweg air base.

The French made points in the political aspects as well. This was not so much due to their own merit as to the Washington Pentagon's ineptitude. On 12 February 1981, a press release to all accredited correspondents stated that "the sale (of F-16s) constitutes a contribution to foreign policy and national security objectives of the United States by increasing the military capability of a pro-Western European state and 'interoperability' ('joint operational capability') with USAF forces stationed in Europe which are also equipped with F-16 aircraft." The explanation to the effect that "interoperability" meant the availability of spare parts from supply depots in Europe, and certainly not joint operations with U.S. or NATO forces, came much too late. Moscow registered a sharp protest and France made the best of a golden opportunity.

9273
CBO: 3103/360

STORTING DEFENSE COMMITTEE CHAIRMAN DISCUSSES MILITARY POLICY

Oslo NORGES HANDELS OG SJOPARTSTIDENDE in Norwegian 5 Jun 81 p 24-25

[Article by Kjell Jorgensen]

[Text] "Our most promising defense is based on advanced equipment combined with the high level of training that characterizes our soldiers and officers. Experience shows that it is easy for the soldiers to master new technology, but that they must have an opportunity to become acquainted with the equipment before it must be used," said Storting Defense Committee chairman Per Hysing-Dahl, among other things, in today's interview. He is also unreservedly positive toward the decision to purchase the F-16 for the Norwegian Air Force. He personally tested an American F-16 at the Fleland Air Base earlier this year.

"There is no reason for the criticism to which the F-16 has been subjected. To date, we have received 15 to 20 planes of this type in Norway and there is no doubt that they have exceeded all our expectations. Unfortunately, however, it is a painful fact that other countries receiving the F-16 have had a higher degree of success with their co-production contracts, but it is clear that there may be external reasons for this. Either we were not alert enough or the technological base in Norway may have been insufficient to produce these high-quality components."

The chairman of the Storting Defense Committee, Per Hysing-Dahl, is unreservedly positive toward the decision to purchase the F-16 for the Norwegian Air Force--and this comes after he personally tested an American F-16 fighter during the 388th Tactical Squadron's visit to the Fleland Air Base earlier this year.

Why Not Open For New Possibilities?

Despite the regrettable fact for Norwegian industry concerning the joint production agreements, Hysing-Dahl keeps open the prospect of new possibilities, with respect both to future deliveries to third countries and new orders and replacement purchases, which he believes we must begin planning now.

"But," he asks, "must Norway's percentage of the joint production that has been agreed upon absolutely be linked directly to the F-16? Could not other forms of joint industrial production be conceivable?" he asked.

In his opinion, the positive aspect of the matter is that the plane has been so well received everywhere and for this reason it could be sold in greater numbers to more countries.

In answer to criticism, primarily from representatives of the other service branches and those in the air force who are responsible for local defense, that the F-16 has taken too large a chunk out of the total defense budget, Hysing-Dahl says it is obvious that the purchase of a new fighter has limited other investments, but he stresses that the real question was whether or not we would have an air force. His personal opinion is that the 72 planes ordered for Norway actually are too few.

Economic Question

"Defense has become more and more an economic question. Colonel Hald, who is responsible for mobilization around Oslo, has written a number of articles in favor of reducing initial military service and increasing repeat duty. He believes that money could be saved in this way and that the overall defense would be improved. Has the Defense Committee taken a position on this question?

"Hald's proposals, or ideas, have not been taken up by the committee. I am personally interested in his proposals, but I am not convinced. It is good when those who work daily in defense use their knowledge and experience to analyze the situation and if they were given free hand they would certainly want more and better reserve maneuvers, while maintaining the initial service period as it is today. However, the money situation is such that we must be happy if we can maintain today's level of maneuvers. Twice the government has balanced the defense budget by reducing the number of days in the initial service period by 303,000 man-days.

Balancing the budget by reducing the initial training period is very unfortunate. More and more equipment in the defense has become sophisticated. We are counting primarily on a mobilization defense in which training is of fundamental importance. Our best defense capabilities are found in advanced equipment combined with the high level of training that characterizes both soldiers and officers. Experience shows that it is easy for the soldiers to master new technology, but that they must have a chance to become acquainted with the equipment before it must be used.

With respect to compulsory military service, Hysing-Dahl rejects the proposal for refusal on a case-by-case basis. He believes this actually could result in a form of voluntary service, which would undermine the idea of universal service in our society. "Unfortunately, the number of those undergoing initial military training has decreased. Soon it will be too small and the burden will be placed on the few."

"If the idea of compulsory military service is undermined, there will be no foundation for defense in our country. We cannot exercise our defense capabilities except through mobilization. For this reason, I hope the proposal is rejected," he said.

Officers Positive

Hysing-Dahl said that, apart from this, there are two aspects of compulsory military service that irritate him: assertions that the quality of Norwegian youth is poor and the uniform regulations.

"In 8 years as chairman of the Defense Committee I have received a very positive impression of both the young soldiers and the officers. Of course, there are some troublemakers in the military. However, I am convinced that the great majority wishes to do a good job assuming that the leadership is good."

"I do not believe that there is any real need to make uniform requirements more lax for soldiers on duty. The Defense Department and the Military Command present the possibility of more lax uniform regulations as a factor that makes life more enjoyable for the soldiers. What it actually has done is to disrupt the common identity and feeling of togetherness that the uniform creates and that are the soldier's and unit's most important asset when things get tough and reduce the esprit de corps, the feeling of togetherness, the common identity, and the comradeship provided by the uniform."

"Just look at what happens when Brann plays Ullevaal," he said. "The fans dress up in buttons, caps, and scarves. Why? For unity and togetherness, the need for a common identity."

"I doubt that there is a real need for uniform-free soldiers. Make a plain and attractive uniform and explain the significance it has and I believe it will be accepted," he said.

"And," he added, "let the officers in the Military Command lead the way in creating the common identity of our defense."

A conversation with Per Hysing-Dahl reveals again and again his firm belief in the will of the Norwegian people to defend themselves, but he believes that it is just as important for people in defense to be open and visible, for it is assumed that the people must show concern and interest in them.

"But have the recent tragic events in which various young people in the Home Guard were involved not made uniforms and defense less popular in general?"

There have been attempts in this regard to harm the defense, but I believe people understand that tragic things can happen and that various reactions that have occurred are similar to cutting off one's chin merely to shave oneself."

"Reserve officers as a defense resource--are they unused, but willing?"

"The reserve officers' association, NROP, has become more active and both the department and the Military Command have decided to create closer contacts with the reserve officers, but I suspect that the good intentions have not become reality, which they should as soon as possible. With the current economic situation, it is clear that the willing and voluntary efforts of the reserve officers are a resource that we cannot afford to leave unused."

In addition, the reserve officer, as both citizen and soldier, is the best image of a defense organization as it must be in a democracy. A defense based on mobilization is a necessary part of democratic rule. "I believe that the reserve officers feel the need for both more frequent exercises and closer contact with the defense as an institution.

Not Research

"Can espionage be conducted under the guise of research and freedom of expression?"

"What has occurred in the most recent affair is that the word research was applied to gathering information on something that was already known by a number of people, but with regard to the nation's security it had to be kept secret. The word was certainly misused in this case. What is happening is that information has been gathered that the lawful ruling authorities of society have decided should be known by a limited number of persons. And look what type of activity is being conducted in the name of research."

"But are we not in general too restrained in our open debate on defense and security matters in Norway?"

"First of all, let it be made clear that certain matters must remain secret."

"But to the question of whether we are too restrictive in general, I would answer yes. I believe that we are. In our technically advanced world, I believe that many physical measures for secrecy are exaggerated. In addition, the system of classifying information and documents could be relaxed."

"Would public opinion be more positive toward our defense and security policy if more information on the real threat had been made public?"

"Actually, the attitude toward both our defense and our membership in NATO is generally positive, but I am sure that it would be correct to inform the public better on the military reality around us. Among other things, it was correct for one of Oslo's newspapers to report some time ago on what the Soviet Northern Navy actually is and, for example, when our own planes intercept Russian planes in the northern regions, people should know about it."

"The important thing is for people to understand reality and the relationship between the utilization of resources and the reality around us."

Peace and Freedom

The main purpose of our defense is to secure peace and freedom. And how is freedom preserved? We live in a blessed land in a world that otherwise is characterized by a high degree of coercion and tyranny, both in the past and today. It is a fact that military strength is used and therefore a military defense is necessary.

"What about the debate over a nuclear-free Scandinavia?"

"This would be possible only if there were some tangible, verifiable, and demonstrable response from the East. In addition, Scandinavia is nuclear-free. For this reason, such a treaty is unnecessary in peacetime. In case of war it would be useless. Historical experience, most recently in Afghanistan, shows us what such agreements are worth when the interests of a superpower are at stake."

"The crux of the matter is whether or not we can reach an agreement to limit the overall level of armaments. I believe this must occur through a joint Western

appearance before and negotiations with the USSR and the Warsaw Pact. The Norwegian efforts, which are praiseworthy per se, should be channeled through the alliance."

"I am often asked why there is such a massive Soviet propaganda campaign each time NATO faces a difficult decision. Actually, it is because it is in that country's interest to split the member-nations, especially the United States and Europe."

"Both directions, negotiations and modernization, must be maintained. Positive results can be achieved only if both sides obtain something from negotiations that they would not have obtained through unilateral action.

"In the recent debate I see a clear connection between opposition to modernizing NATO's weapons, opposition to stockpiling NATO weapons, and support of nuclear-free zones. Regardless of what the leaders of this movement attempt to prove, there is a connection here. Forces are at work here that want Norway out of the alliance. It must be stressed that no one in our society has a monopoly on the desire for peace and the wish to work for peace."

"For most of us the important issues are freedom and peace. Of course, there is some disagreement on the means for securing peace and freedom, but 40 years of membership in the Western defense alliance have guaranteed it to the present time. It would be extremely difficult for the anti-NATO forces of today to prove that their solutions are better."

"We are facing the 4 or 5 most difficult years for the international community since World War II. During this period the NATO Alliance is more important than ever."

"Do you not feel that it is much more difficult to defend an existing defense system than simply to say no?"

"This is true in most controversial issues. It is easier to say no than yes, but it is not difficult for our people to work for a defense system that prevents war and an alliance that maintains peace."

Nonsocialist Government

What will happen if we get a nonsocialist government before our defense and security policy is settled?

"The nonsocialist parties have agreed on a compromise that reflects a utilization of funds for defense similar to the one in the Defense Committee's position--and that is a good platform to stand on. If it should happen that the Conservative Party must form a government alone, the platform will be the same."

Bomber Pilot and Industrial Leader?

Who is this Per Hysing-Dahl? His background for the chairmanship of the Defense Committee, which according to his own admission came more or less by accident, is in the war effort as a bomber pilot and pilot of the small Lysander plane which brought intelligence reports and agents from French territory during World War II.

Hysing-Dahl retired as a captain in the air force, which he himself stated that he has not regretted. However, he does miss the regular flying.

After 1946, however, he entered industry, fish processing, shipbuilding, shipping, and municipal politics in Fana when it was still an independent municipality. He became chairman of the Nordaland Conservative Party, worked in the national organization of the Conservative Party as second vice-chairman, was a member of the Industrial Committee for 4 years, and has now been a member of the Defense Committee for the past 8 years.

He was a municipal politician when he served as a member of the Fana County Council for 8 years and when he was elected to parliament he was happy to be placed on the Industry Committee, which along with the Finance Committee he sees as the most interesting. Then various intrigues gave the Conservative Party the chairmanship of the Defense Committee--and the choice fell to the officer and pilot Per Hysing-Dahl. Originally he was not thrilled with the prospect, but after two terms he has gained experience and found lasting friends across party lines whom he will never lose.

"But," he said, "it has been a stormy existence that has taxed my private life, especially since my home is on the other side of the mountains. Nevertheless, it is a period I would not trade for anything."

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CSO: 3108/158

STORTING JUSTICE COMMITTEE CHIEF HITS USSR SVALBARD PROTEST

Oslo AFTENPOSTEN in Norwegian 10 Jun 81 p 10

[Text] "It is a national duty of primary importance to strengthen the Norwegian administration and Norwegian activity on Svalbard," chairman of the Storting Justice Committee, Jan P. Syse (Conservative Party) said in a speech to the Svalbard Conservative Party yesterday. Syse rejected the Russian protest against Norwegian rescue helicopters that are visiting Svalbard. On the coast guard's presence on Svalbard he stated: It is necessary for security reasons!

The Justice Committee chairman stressed that Svalbard is becoming more and more important. "This was not realized until the 1970's. This mistake must not be made again. An active and conscientious Norwegian Svalbard policy, and here I mean the Svalbard continental shelf and the boundary line in the Barents Sea, is a national task," Syse stated. He rejected the Russian protest now underway against Norwegian rescue helicopters that are now visiting Svalbard.

"I hope that the Russian protests do not signal the beginning of a cooler political climate in the north, but in any case the protests indicate that the Russians are following developments closely--and that they are consistently following up every opportunity to strengthen their own position and weaken Norwegian authority."

Jan P. Syse characterized the Russian protest as groundless. "It is obvious, as the district governor said, that the helicopter crews must be familiar with the area in which they will operate. It is sufficient to mention the airplane accident on Hopen to show how important this is. The Soviet protests are meaningless and must be rejected as such. However, they express a Soviet position that we must constantly reject, since it is not justified. We must also make clear even now that any protests arising when the coast guard receives its own helicopters are similarly unjustified," Syse said and stated: "The coast guard's presence on Svalbard, and especially on Bjornoya and Hopen, is totally necessary for security reasons. Coast guard helicopters must be used in these regions!"

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PROPOSED POLICY CHANGES: IMMINENT, FUTURE

Paris LE POINT in French 22-28 Jun 81 pp 52-57

[Article: "What Awaits Us"]

[Text] For the government, election time is over and decision time has come. Several measures have already been adopted and others will be submitted to parliament starting in July while still others are going to be studied during the months thereafter. LE POINT has arranged the socialist administration's main reforms under four main headings. This, in short, is what awaits the French.

Economy**Agriculture--Delicate**

Decisions made. For young farmers, an increase in the initial establishment subsidy (which will be doubled between now and 1982), easier loans, longer maternity leaves.

For the older ones, revised pensions and disability benefits.

Two Major Items To Be Negotiated

Establishment of cantonal real estate offices responsible for keeping tabs on land prices.

Institution of output quotas below which prices will be guaranteed so long as the surplus is subjected to the rules of the market.

These are two innovations which have been challenged (especially by the powerful FNSEA [National Federation of Unions of Farm Operators]). But they will be negotiated.

Energy--Primary Importance

Decisions adopted. It is now certain that the Plogoff power plant will be dropped. The administration has also decided to submit the entire energy issue to parliament

as part of a debate scheduled for next autumn. In the meantime, the French nuclear electric power program is being continued through all of the orders for power plants which have already been awarded. On the other hand, its future projects have been "frozen"; 14 sites, which were supposed to accommodate 14 new power plants, are involved in this suspension. No one can today with certainty guarantee that this pause might not become definite.

In planning stage. The Socialists intend to restrict the share of nuclear power in the French energy balance sheet to 21 percent in 1990. The preceding administration had put a 30-percent ceiling on this. To counter-balance those nine points of difference--rather considerable, at that--the present administration intends to step up energy savings and alternate forms of energy.

To be able to save 150 million tep (tons of petroleum equivalent) by 1990, we will invest close to Fr400 billion, both in alternate energy sources and in energy savings.

Alternate energy sources: Geothermal, solar, but also and above all coal; Fr145 billion will be allocated for that over the next 10 years. Creation of new jobs anticipated: about 100,000.

Energy savings: We will invest Fr22 billion per year, in other words, double of what has been done until now. New jobs created: about 75,000.

Nationalization--Primordial

Issue now open. "I will take care of nationalization" (Francois Mitterrand). In the president's mind and in the text of the "110 proposals," this involves nine industrial groups, to wit: Dassault, Roussel-Uclaf, Rhone-Poulenc, ITT-France, Thomson-Brandt, Pechiney-Ugine-Kuhlmann, Saint-Gobain-Pont-a-Mousson, CII-Honeywell-Bull, and the General Electric Company; to these we can add Usinor and Sacilor (steel) and the space and weapons branches of Matra. This in other words involves 800,000 workers and something like Fr250 billion in business.

Besides, the nationalization of the loan establishments and insurance companies--if we stick to the initial program--should also be completed. With the exception of the Agricultural Credit Establishment, the Mutual Assistance Credit Establishment, the banks for low-income individuals and the foreign banks, the private banks ("all banks," Francois Mitterrand assured us on 5 May) will come under the government (about 250).

A study group was created on 2 June and charged with coming up with proposals for the extension and democratization of the public industrial sector. It is supposed to clear up countless problems. Here are three main problems:

The timetable. There are two schools here: either very fast, one or two nationalizations and the others spread out over the entire 7-year term; or all nationalizations right away to "purge" the economic climate.

Scope. Should we really nationalize all banks, including the little ones? Possible, but not yet certain. Should we nationalize only the parent companies or the

subsidiaries also? And, if yes, which subsidiaries? Those held at 33 percent (minority stock) or more than 50 percent? Only the French branches or also the foreign ones? Industrial partnerships, very substantial, in business banks (Paribas, Suez, etc.)--should they be included in the lot?

Methods. What will be the rate of government participation: 51 or 100 percent of the enterprises? How will the value of nationalizable outfits be determined? Most probably on the basis of their stock-exchange value, calculated with the help of "long-term bases," according to Jacques Delors. Now, finally, should the stockholders be indemnified? Several possibilities: exchange of securities held currently against government bonds or representative certificates with indexed remuneration, in particular.

Prices--Important

On hold. "I am in favor of a free economy," replied Jacques Delors when questioned on the price problem on 9 June on TV Channel Europe 1. There is thus no question of returning to a price freeze. In any case, not a general one. But the condition for that freedom, in the opinion of the minister of economy and finances, is that "competition really exist." Otherwise, after coordination with the interested parties, "the government will assume its responsibility."

Taxation--Primary Importance

Issue now open. Income tax. "Reduced for small taxpayers" and "increased for big incomes" ("110 propositions pour la France"). How? All of this has not yet been decided. Most probably:

Exemption for married taxpayers with two children whose gross incomes do not exceed Fr5,000 per month. Slices of tax schedule to be indexed on the basis of the price rise up to a certain rate.

Progressive nature of taxes to be increased for incomes beyond Fr30,000 per month. Ceiling on family allowances for high income. Deductions currently authorized (tax credit, interest on loans for real estate, Fr5,000 Monory, etc.) to be replaced by "a tax credit intended to encourage household savings." Institution of a "fiscal salary" for merchants and craftsmen and their spouses who work with them.

Added-value tax. "Reduced to the zero rate for daily necessities" (110 propositions pour la France"). Reduced on goods and services of a cultural nature--especially records--and maintenance and repair activities. Increased from 7 to 17.60 percent as of 1 April 1981 for four-star luxury hotels.

Taxes on big fortunes. Probably starting with assets of Fr3 million per household (including primary residence, not including work tools). Low tax rate (0.5-1 percent) for progressive rate--decision not yet made.

Inheritance taxes. "Easier on modest inheritances, surtaxes on big inheritances" ("110 propositions pour la France"). Probably through an increase in abatements on inheritances less than Fr3 million. Beyond that, increased taxes, tailored in line with the volume of the inheritance and the heir's assets.

Added-value tax and professional tax. Reform being studied.

National Issues

Savings--To be watched

Issue now open. Jacques Delors is studying a "new savings instrument which will guarantee protection for the low-income saver against the effects of inflation" (Pierre Mauroy, 10 June 1981). This will benefit primarily modest-income savers.

Stock Exchange--Delicate

In planning stage. Stocks. "Stockholders need a stock taxation system which will be stable" (Jacques Delors to ECHOS, 25 May 1981). But the 35th of the "110 propositions pour la France" indicates that "the tax credit will be dropped," in other words, a mathematical drop of 33 percent of the value of French stocks. The one thing that is sure is that "an effort will be made to determine measures of a legal, financial, or fiscal nature which would enable the enterprises to mobilize their own capital more broadly" in order to go back to the proposals entertained by Pierre Mauroy on 10 June 1981.

Obligations. "Consolidation, in other words, improvement, of taxation applicable to obligations, particularly regarding the current exemption of Fr3,000," as Pierre Mauroy said on 10 June 1981. However, the floating, probably this summer, of a big government loan, either at a very high rate or at an indexed rate will further contribute to the drop in old obligations.

Civil Service Employees--Important

Decisions made. Creation of an additional 210,000 jobs in the public service and in the local communities had been promised by Francois Mitterrand. For the time being, the administration has kept one quarter of its pledges: As of the return from vacations, hiring will begin for the first increment of 55,000 jobs decided on 10 June. The main beneficiary sectors are national education and PTT [Post Office, Telegraph, and Telephone], but also social security (hospitals, aid to senior citizens and to the handicapped). The cost of this first phase will be something like Fr3 billion. Next, 155,000 jobs will have to be created primarily before the end of 1982.

Retirement at 60--Important

In planning stage. Retirement at 60 (55 for women) will be the first social reform in the 7-year term to be introduced in parliament. In autumn, the administration will introduce its first bill establishing the right to retirement at full retirement, starting at that age, obviously on an optional basis. This is a right which is wanted by almost nine French out of every ten according to the IFOP [French Public Opinion Institute] last May.

Theoretically, about 1 million active French citizens over the age of 80 could benefit from that. How many potential retirees will actually take that opportunity?

The private sector of public hospitals. It will not be eliminated immediately but the fees today collected directly by the doctors who have a private clientele would be collected by the hospital which would take a portion of those fees.

The Bar Association Council. It will continue provisionally, pending the outcome of the election, on 25 June, of a new chairman who, it is hoped, will be less conservative than professor Lortat-Jacob.

Planning. A map on integrated health centers.

Repeal of ordinances of 1967 governing the makeup of health insurance company boards of directors.

Reform of social security financing.

Free hospital care.

Institutions

Justice--Important

Decisions made. The amnesty bill will be voted on during the next session of the Assembly. Much broader than the amnesty bills introduced earlier, it will be applicable to prisoners sentenced under common law to up to 6 months at the prison farm (as against 3 months, usually). This measure should reduce the number of prisoners held in the currently overcrowded prisons by 5,000. For "political prisoners," the effects of the amnesty will involve those sentenced by the State Security Court to terms of 8 years maximum.

Issues now open. Elimination of State Security Court whose records and files would be turned over to common-law jurisdictions. However, the creation of a new court with national authority, no longer consisting of military judges and assuring more guarantees of independence, is conceivable.

Death penalty. Elimination of death penalty, technically easy to achieve, poses the problem of a substitute penalty which would guarantee public opinion that murderers will not get out of prison too fast. The new scale of penalties should be worked out rather quickly so that it may be voted on at the same time as the abolition of the death penalty. This will undoubtedly happen during the autumn session.

CSM (Higher Council of Magistrature). Currently made up of the nine members appointed by the president of the republic, who is its chairman, the council--whose role was diminished by the 1958 Constitution--according to Francois Mitterrand has not been able to put the judgeship career beyond the reach of the executive branch. Real independence for the magistrature can be achieved only through a reform of the CSM. Equal composition--with judges elected to the second degree and personalities appointed by the legislative and executive branches--and an increased role in handling the entire profession of judges should distinguish the future council from the present one.

"Security and freedom." Another presidential commitment, the repeal of this law could also come in autumn. Some of its positive provisions should be retained.

But, at least in the beginning, there will not be any compelling law for the employers. In this context, negotiations on working hours the labor unions and the employers will have to decide on the procedure and the stages.

Wages--Delicate

To be negotiated. While the purchasing power of the French officially declined for the first time in 1980, Pierre Mauroy, no more so than his predecessors, will be able to perform miracles. His discretion by the way is symptomatic: After the tap given to the SNIC, no further stage has as yet been spelled out.

The administration will have to put its cards on the table in September in connection with the wage negotiations in the public sector for 1982. "The purchasing power of civil service employees will be maintained in over all terms with an improvement for the low salary levels," State Secretary Catherine Lalumière has already announced. The same line will undoubtedly be recommended for the private sector. Here is one thing to be watched: "Scraping the bottom of the barrel," among civil servants, who have already been on short rations for several years.

Thirty-Five Hour Work Week--Primary Importance

Issue now open. "The 35-hour work week would be suicide for France!" exclaimed Yvon Chotard last April, speaking for the CNPF (National Council of French Employers). For better or worse, the employers are now with their backs against the wall, solemnly opening negotiations on working hours on 12 June. Pierre Mauroy recalled that he certainly had the intention of making sure that one of François Mitterrand's sole promises would be kept. An initial review will be conducted starting next October.

It is true that France is the one country in the EEC where the annual working time is the longest in almost all sectors. By virtue of its political and economic implications, the 35-hour work week issue today is one of the most difficult ones for the administration. According to it, the progressive institution of the 35-hour work week should make it possible to create almost a million jobs within 5 years. But without a cut in wages (at least for wage earners at the bottom of the scale), the 35-hour work week will constitute new burdens on the enterprises. Everything will thus revolve around the "compensations" demanded in exchange by the employers: flexitime, night work, and weekend work, etc. Now, this is precisely why earlier negotiations failed in July 1980.

Health--Delicate

Decisions made. "A health package" will make it possible to finance the creation of 9,000 hospital employees and social workers and to complete the modernisation of hospitals.

Cancellation of the moderation ticket, by public order, that is to say, the portion (5-12 percent) of medical care expenditures which the health insurance companies had to collect from the insured.

To be negotiated. The agreement linking the health insurance funds and the doctors.

According to a survey by the INED (National Institute of Population Studies), 80 percent of wage earners in the private sector would like to retire at 60. But almost one out of every two French citizens is already on retired status at that age due to early retirement or pre-retirement status.

Even though a portion of these separations is compensated for by new hiring, the effect of this measure on employment is uncertain. The enterprises for example might prefer to invest in machines rather than in manpower. The "young" retirees might be tempted by a more or less clandestine new job. More severe steps have been provided for against double-dipping.

Housing--To Be Watched

Decisions made. Rents under the low-cost housing program will be raised to a maximum of 10 percent. As for rents not covered by any regulations, the commitment to moderation adopted in 1980 by building owners will be renewed.

In planning. Reform of tenant law before the spring of 1982. This should include the following: duration of leases, rate of agency commissions, amount of security deposit and a new national index for housing prices, used for indexing rents (which will not be frozen).

Increasing aid to community housing construction.

Fight against speculation through creation of declared real estate tax and establishment of preemption right for local communities on urban land.

Layoffs--Important

In planning. "The enterprise committee shall have all information necessary on the progress of the enterprise. For hiring, layoffs, etc., it shall be able to exercise a veto right with appeal to a new jurisdiction." Of all of the undertakings listed in François Mitterrand's program, this matter of the veto right (No 60, "110 propositions pour la France) undoubtedly worries the employers most. It also troubles a certain number of government officials: "In my opinion, that would be foolish!" commented one of them.

In view of the crisis, about 300,000 economic layoffs take place each year. The labor unions have attacked this abusive "firing." "Since we do not have the power to lay people off, we have stopped hiring," the employers replied. The administration will probably pick the middle way. The enterprise committees will be given an increased right to look into the employment situation but without going all the way to the veto right. For the time being, a report on this delicate subject is being studied. Its conclusions will be forwarded to the president of the republic on 15 September.

Fifth Week--To Be Watched

Issue now open. Three wage earners out of ten already have it but seven others want it. After the increase in the SMIC (Interoccupational Minimum Growth Wage) and retirement at 60, it remains the dearest wish for three quarters of the French.

Decentralization--Primary Importance

Decisions made. So far, 11 decrees by Raymond Barre, limiting the powers of the regions, have been repealed.

Issues now open. The minister of the interior will annually draft a bill which will be submitted to parliament starting in July, spelling out the broad principles of the reform to come. Here are two ideas for this "big affair of the 7-year term": the elimination of government supervision over local communities and the election of regional council members by universal suffrage.

In planning stage. All legislative regulations deriving from that law--conversion of the prefect into a government commissioner, transfer of the prefect's powers to the chairmen of the regional and general councils--should normally be discussed in parliament during the two sessions in 1982. The new provisions will basically take effect in March 1983.

Culture

Television and Radio--Delicate

For the immediate future. Communication minister Georges Filioud has increased the number of reminders issued to television officials and is urging journalists to abide by the obligations of public service. There is apparently effervescence in the editorial offices.

In planning stage. For television, a new reform of the audio-visual aspect will be examined by the National Assembly during the autumn session. A National Radio-Television Council would be created and it would consist of representatives of the government but also members of parliament, labor unionists, personalities from the cultural world, etc. Among other missions, this body would have to appoint the presidents of the program companies. Presently appointed by the cabinet, these individuals would then be beyond the direct control of the executive branch. One thing is certain, the administration does not intend to forget about launching the direct television satellite. But it is also almost sure that there will be no establishment of a second private television network.

On hold. Free radio operation. Cancellation of programming monopoly will probably be allowed and that should permit some local stations to see the light of day.

Education--Delicate

Decisions made. Slowed down by the outgoing minister, Christian Beullac, recruitment is to be resumed; 11,475 jobs will be created upon the return from vacations, especially in primary and secondary education, and 3,000 additional jobs will be opened for the CAPES [Secondary School Teaching Certificate] and for competitive teacher examinations.

Repeal of the circular forcing school principals to accommodate children in case of strike. Issue reopened in July with union.

On that occasion, the methods of enforcing penalties, substitutes for short penalties, strengthening the role of the JAP (penalty application judges), the creation of a collegial body to judge appeals against the decisions of the JAP, and the repeal of the "anti-riot" law will be the core of the necessary revision of codes.

In planning. The National School of the Magistrature will resume its main role of recruiting and training judges. It will no longer have any "special recruiting competitions," as they were organized by Alain Peyrefitte in autumn.

Various touch-ups on the statute for judges will complete the reform of the CBM. The right to unionize in the magistrature will no longer be challenged. The claims of attorneys concerning failure to appear in court, remuneration for court-appointed attorneys, lifting the ceiling on judicial assistance, and the extension of the rights of the defense should rapidly be pushed through.

Police--Important

Decisions made. First of all, the main issue for the police: telephone taps. There is no such thing but each new minister of interior begins with eliminating them. This time, Gaston Defferre went even further by creating a supervisory commission. Made up of elected officials, lawyers, judges, and police officers, it is designed to draft legislation on taps directed against major crime and attacks upon the security of the state and it is also supposed to supervise its implementation.

The mayor of Marseille--a city in which 10 percent of the population are of North African origin--has also decided to stop expulsions of immigrant workers except "for the sake of public order." This measure has been applied; since 26 May, there have been seven expulsions, as against 50 per day under the old system.

Finally, here is a taboo subject: The elimination of discrimination against homosexuals. It is now forbidden to mention on a police blotter the word "homosexual" and in case of any investigations "no suspicion must be raised regarding persons because of their sexual orientation alone."

Proportional Representation--Primary Importance

On hold. Its restoration is included among the "110 proposals" of Francois Mitterrand. It was stated that it "would be instituted for elections to the National Assembly, to the regional assemblies, and to the city councils."

But, having come to power by a majority vote, will the socialists today resign themselves to killing the goose that laid the golden egg that favored the big parties? As a matter of fact, if there had been a proportional vote on 14 June, the Socialist Party would only have 184 deputies. The reform as a matter of fact will certainly be instituted for the elections of regional committees and city councils. For the legislative elections, Francois Mitterrand might prefer the German system which combines majority vote and proportional representation. But if it is carried out to the full extent of the initial intentions, that will be a revolution.

In planning stage. Private education. Allocations for 1982 will be reduced. Major negotiations are to be started in September in order, as Mitterrand said, "to establish a big, unified and lay public service for national education." The time needed will be taken.

Principle of standard high school from the sixth through the 13th [grades]: The new national education minister is in favor of this system, instituted through the Nabby reform adopted in 1975, and will probably review the practical implementation methods.

Universities. Alain Savary would like to strengthen their autonomy. But he has not dropped the idea of negotiating a university charter for these establishments.

Staggered vacations. To be continued until July 1982, the current "long idle stretch" for colleges will be reconsidered.

Culture

Issues now open. The price of culture. Movies, records, books "will not be products like others," says Jack Lang, minister of culture.

Movies: Commitment to moderation in ticket prices.

Records: The added-value tax will be cut from 33 to 17.6 percent and perhaps even less.

Books: Return to the single price prior to 1 July.

Culture budget. It will be 0.48 percent of the national budget in 1981. "One percent is a reasonable minimum, Mitterrand had said. This figure will be attained. But when?

In any case, culture, in the total 1981 budget, with 1,050 new jobs, represents 2.4 percent of the total number of new jobs created.

Movies. "Long live death" by Arrabal is now barred only for those under the age of 13 (instead of 18). The same measure is under study for "Snow." A commission is studying the possibility of making censorship more flexible.

On hold. The big cultural facilities. At Villette, the Museum of Sciences and Technology, the French park (Fr800 million in work to be started in 1981 and to be finished in 1985) will have to be reviewed. "For La Villette," says Jack Lang, "We are studying the possibility of a Beaubourg of music," along the lines of the Royal Festival Hall in London. As for the Bejart School of Dance at Chaillot and the 19th Century Museum, at Orsay station, they will not be challenged but their financing has been underestimated and will have to be reviewed.

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